

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Telecommunications Relay Services and)	CG Docket No. 03-123
Speech-to-Speech Services for)	
Individuals with Hearing and Speech)	
Disabilities)	
)	
Structure and Practices of the Video Relay)	CG Docket No. 10-51
Service Program)	

Interstate Telecommunications Relay Services Fund

Payment Formula and Fund Size Estimate

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**Payment Formula and Fund Size Estimate
Interstate Telecommunications Relay Services (TRS) Fund
For July 2017 through June 2018**

I. Introduction

Rolka Loube Associates LLC (RL), as Interstate Telecommunications Relay Services (TRS) Fund Administrator (the Administrator), herein submits proposed compensation rates, demand projections, projected fund size and proposed carrier contribution factor for the period July 2017 through June 2018, in accordance with section 64.604 of the Federal Communications Commission's (FCC or Commission) rules.¹

¹ 47 C.F.R. §64.604 (c)(5)(iii)(H).

In accordance with the Commission 2007 *Cost Recovery Order*,² the Administrator has used the Multi-state Average Rate Structure (MARS) methodology, based on the weighted average of competitively bid state rates, to propose compensation rates for interstate traditional TRS, interstate Speech-to-Speech (STS), interstate Captioned Telephone Service (CTS), and inter- and intrastate Internet Protocol (IP) Captioned Telephone Service (CTS).

The IP Relay compensation rate, is subject to a price cap methodology. The 2016-17 Fund Year began a new three-year price cap period.

Per the “VRS Reform Order”³, the Commission restructured the VRS Tiers and established rates⁴ applicable to those new Tiers in six-month incremental periods through June 2017. VRS rates were adopted by the Commission in the *VRS Reform Order* and the *VRS Partial Rate Freeze Order* and consequently were not subject to modification by the 2016 Rate Order.

The Administrator projects a net fund cash requirement for Fiscal Year 2017-2018 of \$1,254,615,840.

Calendar year 2016 interstate and international end user revenues estimated by the Data Collection Agent (“DCA”) were still being gathered and compiled from reporting entities when this recommendation was prepared for submission and contains numerous estimates as placeholders for reports which are not deemed late until after the due date for

² Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, CG Docket No. 03-123, Report and Order and Declaratory Ruling, 22 FCC Rcd. 20140 (2007) (Cost Recovery Order)

³ *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities* at CG Docket No. 03-123 and *Structure and Practices of the Video Relay Service Program* CG Docket No. 10-51, Rel. June 10, 2013, Para 208, (VRS Reform Order),

⁴ *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities* at CG Docket No. 03-123 and *Structure and Practices of the Video Relay Service Program* CG Docket No. 10-51, Para 215, (VRS Reform Order),

this Annual Report. We recommend that the Commission use the current best available 499A information from the DCA to calculate the Assessment rate when it becomes available. This recommendation has been calculated using the latest information available at the time of this submission. The best available reported annual 2016 revenues are estimated to be \$60,196,083,841, which is approximately 2% below the level used for the current program year. The contribution factor for the 2017-2018 Fund year, derived from the ratio of estimated fund size to prior calendar year revenues, is proposed to be 0.02084⁵.

Upon approval by the Commission, the Fund Administrator will begin billing carriers for the 2017 – 2018 funding period in July 2017.

⁵ The 2016-2017 revenue requirements were \$1,143,562,791 and the corresponding contribution factor was 0.01862. The recommendation for 2017-2018 is a revenue increase of \$111,053,049 and a contribution factor increase of 0.00222.

II. Interstate TRS Fund Overview

The Interstate TRS Fund (TRS Fund) is designed to compensate eligible relay service providers⁶ for the reasonable costs of furnishing “[t]elephone transmission services that provide the ability for an individual who has a hearing or speech disability to engage in communications by wire or radio with a hearing individual in a manner that is functionally equivalent to the ability of an individual who does not have a hearing or speech disability to communicate using voice communications services by wire or radio.”⁷

Services that are currently compensated from the TRS Fund include interstate traditional TRS, interstate captioned telephone service (CTS), interstate speech-to-speech (STS), and both intrastate and interstate video relay service (VRS), Internet Protocol (IP) Relay service, and Internet Protocol Captioned Telephone Service (IP CTS). The Administrator reimburses providers at compensation rates computed by the Administrator in accordance with Commission rules, and approved or modified by the Commission. In 2007 the Commission’s *Cost Recovery Order* adopted methodologies for establishing the reimbursement rates for the various relay services.⁸ In June 2008 the Commission also

⁶ Eligible providers are defined as (1) TRS facilities operated under contract with and/or by certified state TRS programs pursuant to section 64.605; or (2) TRS facilities owned by or operated under contract with a common carrier providing interstate services pursuant to section 64.604; or (3) interstate common carriers offering TRS pursuant to section 64.604; or (4) Video Relay Service (VRS) and Internet Protocol (IP) Relay providers certified by the Commission pursuant to § 64.606.

⁷ 47 C.F.R. 64.601(21) Definition of Telecommunications Relay Services.

⁸ The methodologies included price caps for IP Relay and a tiered rate structure for VRS. The Commission set IP Relay and VRS rates for a period of 3 years and confirmed that the initial year for the applicability of the rates was the 2007-2008 fund year. The initial three year period for the IP and VRS methodologies sunset as of June 30, 2010. See *Cost Recovery Order* ¶¶ 97, 107-108. In the *2010 Rate Order* the Commission initiated a new 3-year cycle for IP Relay rates and adopted interim, one-year rates for VRS, for effect while the Commission considered broad reform. In the *2013 Rate Order* the Commission initiated another 3-year cycle for IP Relay rates. In the 2013 VRS Reform Order the Commission established new VRS tiers and set rates in six month increments through June 2017. In December 2014 the

authorized providers' reimbursement for costs associated with implementation of 10-digit numbering and E-911 compliance for relay services.⁹ In the *2010 Rate Order* the Commission approved the Administrator's proposal to include the costs associated with ongoing maintenance of 10-digit numbering and E-911 compliance for relay services as a per-minute additive to the relay service reimbursement rate base year calculation. The Bureau's Order of June 28, 2010 adopted this methodology for the current and future fund years.¹⁰

In 2013 the Commission adopted the VRS Reform Order, referenced above, which included provision for the establishment of a VRS User Registration Data Base (VRS URD). Each VRS service provider is required to register each of their existing users with the database administrator. The database administrator will validate the user identity prior to including the user in the VRS URD. RL was chosen by the FCC to develop and administer the registration database. The database is available for registration use, pending the outcome of the Commission Report and Order, Notice of Inquiry, Further Notice of Proposed Rulemaking, and Order¹¹.

This Annual report incorporates any of the costs reported by VRS service providers as part of their incurred costs for calendar years 2015 and 2016 as well as any amounts projected for 2017 and 2018.

Commission revised the reimbursement rate applicable to IP Relay service retroactive to November 14, 2014 through June 30, 2015 on an emergency interim basis. See *Order* DA 14-1889 Rel. Dec. 29, 2014.

⁹ Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, CG Docket No. 03-123; E911 Requirements for IP-Enabled Service Providers, WC Docket No. 05-196, Report and Order and Further Notice of Proposed Rulemaking, 23 FCC Rcd 11591 (2008) (TRS Numbering Order) at ¶¶ 96-101

¹⁰ 2010 Rate Order at ¶ 25

¹¹ See FCC 17-26 Rel. March 23, 2017.

The Commission's shared funding mechanism for the TRS Fund ensures that the costs of meeting relay service obligations are borne equitably. Interstate telecommunications common carriers contribute to the TRS Fund on the basis of their relative share of interstate and international end user revenues.¹² The TRS funding period commences on July 1 and ends June 30 of the following calendar year. For the July 2017 to June 2018 fund year, the Administrator will use the carriers' 2016 interstate and international end user revenues¹³ as the basis for calculating carriers' contribution obligations. The contribution base has become smaller each year and the reductions to the contribution base are shown in the following table. The annual reductions have resulted in reported 2014 revenues used for the program year beginning in 2015 that were \$64.129 billion; approximately \$1.1 billion below the level reported at the beginning of the prior Fund year. The most recent information from the DCA regarding 2015 reported revenue used for the program year beginning in 2016 is a further \$2.7 billion reduction to \$61,425 million. Rolka Loube estimates a further 2% reduction in the contribution base for the program year beginning July 1, 2017 for a contribution base of \$60,196 million.

¹² See 47 C.F.R. §64.604(c)(5)(iii)(A)-(C). Every carrier providing interstate telecommunications services (including interconnected VoIP service providers pursuant to §64.601(b)) and every provider of non-interconnected VoIP service shall contribute to the TRS Fund on the basis of interstate end-user revenues as described herein. Contributions shall be made by all carriers who provide interstate services, including, but not limited to, cellular telephone and paging, mobile radio, operator services, personal communications service (PCS), access (including subscriber line charges), alternative access and special access, packet-switched, WATS, 800, 900, message telephone service (MTS), private line, telex, telegraph, video, satellite, intraLATA, international and resale services.

¹³ Revenues are reported on the Telecommunications Reporting Worksheet, FCC Form 499-A, on April 1, 2017, and provided to the Administrator by the Universal Service Administrative Company (USAC), the Revenue Data Collection Agent (DCA). At the time of preparation of this filing the information from the DCA is considered preliminary and updated data will be used for the calculation of carrier contributions.

Table 1 DCA Reported Contribution Base

Program Year beginning	Contribution Base
2004	\$ 81,954,191,761
2005	\$ 80,666,621,324
2006	\$ 80,457,972,602
2007	\$ 77,898,078,806
2008	\$ 79,428,092,243
2009	\$ 78,895,806,171
2010	\$ 72,844,997,816
2011	\$ 69,450,220,823
2012	\$ 67,206,226,973
2013	\$ 67,278,109,560
2014	\$ 65,234,609,107
2015	\$ 64,129,341,109
2016	\$ 61,424,575,348
2017	\$ 60,196,083,8401

The Data Collection Agent (“DCA”) also provides updates to the data reported by Carriers’ throughout the program year to reflect a variety of changed contributor circumstances such as out of business, no telecommunications revenues, bankruptcies, mergers and acquisitions. The contribution base changes from year to year and also changes over the course of the program year. Changes to the contribution base reported to the TRS Administrator by the DCA during the first nine months of the current year, when used for invoicing purposes, with the fixed contribution factor, have resulted in a reduced available funding level of approximately \$1 million in contrast to the \$4.25 million at the comparable time of the prior program year.¹⁴ This erosion of funding is

¹⁴ See Exhibit 4 for details regarding monthly erosion of the contribution base as reported throughout the program year by the DCA to the TRS Fund Administrator.

one of the factors considered when estimating the size of a two month budgetary reserve allowance.

Carriers report their prior calendar year revenues annually on the FCC Form 499-A, Telecommunications Reporting Worksheet, due on April 1, to the Data Collection Agent (DCA). The DCA provides the Interstate TRS Fund Administrator with the carrier revenue information used to calculate the contribution factor and maintains the carrier database for all funds. Revisions to FCC Form 499-A revenue data are provided by the DCA to the TRS Fund and other program managers so that corrections may be made to carrier billing. Revisions may be telecommunications service provider initiated or may be the result of an audit. The first edition of the reported 2016 499A submissions is provided to the TRS Administrator on or about April 25th. Each subsequent month USAC will provide updated information, to include information received from contributors that did not file by April 1st. There are substantial adjustments to the contribution base derived from the first edition of the reported 2016 499A submissions through the first several months of the program year followed by fewer and smaller adjustments as yearend approaches¹⁵. The TRS Fund Administrator may submit a revised contribution factor to the Commission for consideration in response to the Public Notice regarding this submission.

All Form 499-A filers providing interstate and/or international telecommunications services, with the exception of shared tenant service providers, are required to contribute to the interstate TRS fund. Shared tenant services for example do not contribute to the TRS Fund because it appears that the Third Report and Order in CC

¹⁵ See Exhibit 4.

Docket No. 90-571 restricted TRS to only “common carriers” and not all carriers. The contribution base is formulated using the sum of 12 months interstate and international end user revenues, less interstate and international revenues from resellers who do not contribute to Universal Service (Line 514 - Net TRS Contribution Base Revenues), as submitted via the FCC Form 499A, Telecommunications Reporting Worksheet.

Upon approval of the contribution factor by the Commission, the Administrator will promptly bill carriers for the 2017 – 2018 funding period which begins July 2017. Annual contributions will be due within 28 days after their July invoice date. Carriers, whose contributions are \$1,200 or more, will have the option to be invoiced in twelve equal monthly installments. Invoices will be due four weeks after the issue date of the monthly invoice. RL has assigned each monthly contributor to one of several monthly invoice cycles and issues approximately one quarter of the monthly invoices on the first Fridays of each month. RL expects to begin issuing invoices for the 2017-2018 program year on Friday July 14 and therefore receipts associated with those invoices will begin to arrive in mid-August. This lag in the receipt of revenues is not currently accounted for because there has not been a material change in the level of the contribution factor which has an impact on cash flow.

Per minute compensation rates will also be effective for minutes of service beginning July 1st, assuming approval of the proposed rates by the Commission. Timely submitted provider requests for reimbursement must be processed within two months¹⁶ following the submission of the request for reimbursement. The Administrator has been able to reduce the processing time required for those submissions to less than 30 days as

¹⁶ See 47 C.F.R. 64.604(C)(5)(iii)(L)

new systems are developed to perform validation testing prior to the release of payments. For example, minutes handled by providers in July 2017 are expected to be reported between August 10 and 15, 2017, and providers will then receive compensation for those minutes at the new rates, on September 8, 2017.¹⁷ This lag between the provision of services and the issuance of payments is reflected in the demand and cash flow projections by virtue of the growing demand for IP based services.

III. TRS Formula Development

MARS

The *Cost Recovery Order* adopted the Multi-state Average Rate Structure (MARS) plan as the basis for calculating the compensation rate for interstate traditional TRS, interstate Speech-to-Speech (STS), interstate Captioned Telephone Service (CTS) and interstate and intrastate Internet Protocol Captioned Telephone Service (IP CTS).¹⁸ The Administrator will calculate annually one MARS rate for interstate TRS and STS based on the weighted average of state rates for TRS and STS and a separate MARS rate for interstate CTS and intrastate and interstate IP CTS based on the weighted average of state rates for CTS.¹⁹ When the MARS mechanism was adopted, the Commission determined that because there was a lack of data for IP CTS, it would be reimbursed at the same rate as CTS²⁰. The TRS Fund Administrator has been requesting and compiling data on IP CTS costs, consistent with the annual provider data requests for IP Relay and

¹⁷ See Exhibit 3 Anticipated Reporting and Disbursement Schedule. The reporting and disbursement schedule is subject to modification based on exogenous circumstances.

¹⁸ Cost Recovery Order at ¶ 16.

¹⁹ *Id.*

²⁰ See FCC 07-186, para 38.

VRS services since 2011 and reporting the provider reported IP CTS weighted average costs to the FCC in the Annual Report.

The Commission identified the steps for the Administrator to use to determine MARS-based compensation rates.²¹ The Administrator must first collect intrastate traditional TRS, STS, and CTS compensation rate data for the prior calendar year. Accordingly, the Administrator requested the following information from each state TRS administrator and each provider of interstate traditional TRS, STS and CTS for calendar year 2016 in January 2017, and requested that it be provided no later than the end of February 2017:²²

- a. the per-minute compensation rate for intrastate TRS and STS
- b. the per-minute compensation rate for intrastate CTS
- c. whether the rate applies to session or conversation minutes
- d. the number of intrastate session minutes for TRS and STS
- e. the number of intrastate session minutes for CTS
- f. the number of intrastate conversation minutes for TRS and STS
- g. the number of intrastate conversation minutes for CTS
- h. any amounts paid by the state to the provider for relay service during the previous calendar year that are not included in the contractual per-minute compensation rate.

The Administrator must then determine whether there are anomalies in any state's data that will necessitate it being excluded from the MARS calculation,²³ calculate each state's total dollars paid for the year for intrastate traditional TRS, STS, and CTS services, and calculate the final rate by dividing the total dollars paid by all states by the total conversation minutes of all states for TRS and STS and separately for CTS.

²¹ Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, CG Docket No. 03-123; Structure and Practices of the Video Relay Service Program, CG Docket No. 10-51, FCC 11-104, Rel. June 30, 2011 at ¶¶ 9-18.

²² The Annual Data Collection Form is included at Appendix A.

²³ For example, if there were no state TRS Fund and the cost of providing Relay services were recovered by the service provider based on each LEC's proportionate share of subscriber lines in the state, MARS like data would not be available and thus, would be excluded from the MARS computation.

A. Traditional TRS and STS Formula Development

From the data collected and follow up discussions with the state contacts, the Administrator found, that Maine, provides service under a flat rate monthly contract, and does not have data that can be used for MARS calculation purposes. Five jurisdictions²⁴ provide service based on a flat rate for the service rather than on a per-minute rate, due to the small volume of minutes for the services in those jurisdictions. The per-minute rate, although relatively high on a per-minute basis, has been determined and included in the MARS calculation. For the remaining states, the District of Columbia, and Puerto Rico, the Administrator multiplied each jurisdiction's TRS and STS rate by the corresponding number of intrastate session minutes or intrastate conversation minutes, whichever the jurisdiction's rate was based upon.²⁵ For those states experiencing a mid-year rate change, the calculation was performed for each rate and corresponding service period. The calculation was made for each jurisdiction and the resulting weighted dollar amounts summed to produce a total dollar amount for each service. The Administrator added to the weighted dollar total any additional amounts paid by the states to the relay service provider(s) during the applicable period that were not included in the contractual per-minute compensation rate, but were applicable to the provision of relay service.²⁶ As a final step, the Administrator divided the resulting total weighted dollar and supplemental payment amount by the total number of intrastate TRS and STS conversation minutes.²⁷ Data for Maine was excluded, because the state compensated its relay providers with a

²⁴ Delaware, North Carolina, South Carolina, Rhode Island and the Virgin Islands.

²⁵ *Id.* at ¶ 30

²⁶ *Id.* at ¶ 31

²⁷ *Id.*

flat rate mechanism in 2016. The results of this calculation can be found in Exhibit 1-1. Exhibit 1-1 displays the array of rates reported by the individual state jurisdictions, although it does not identify the rates used by state in deference to provider requests for confidentiality.

RL requests that, since there appears to be only two providers competing for state TRS services contracts, future Annual Reports be directed to identify the compensation levels agreed to by each state, unless the reporting state exerts a claim of confidentiality regarding its compensation rates.

The total dollar amount paid out for intrastate TRS and STS during calendar year 2016, including the amounts paid to relay providers, which was not included in the per-minute compensation rate, amounted to \$22,403,884. The total conversation minutes for intrastate TRS and STS for calendar year 2016 were 7,676,149. The proposed compensation rate is developed by dividing the total 2016 intrastate dollar amount by the total 2016 intrastate conversation minutes, resulting in a proposed MARS rate of \$2.9186 per conversation minute for interstate traditional TRS for the 2017 – 2018 funding period. The proposed rate is approximately 11.2% above the 2016 – 2017 MARS calculation of \$2.6245 per conversation minute.

In the *Cost Recovery Order*, the Commission provided an additional amount of \$1.131 to the 2007-2008 interstate STS compensation rate to be used by the providers for outreach efforts.²⁸ In the ensuing Fund years, the Commission has found it appropriate to continue the outreach additive at the same level.

²⁸ *Id.* at ¶¶ 57, 61

The Administrator continues to recommend adding the \$1.131 to the MARS-based STS rate resulting in a total proposed STS rate of \$4.0496 per minute; an increase of \$0.2941 from the \$3.7555 per minute rate for the 2016-2017 Fund year²⁹. However, the Administrator notes that the demand for STS continues to be small compared to the other services. It is not clear that the outreach additive, projected to be approximately \$178,203 ($\$1.131 * 157,562 \text{ minutes} = \$178,203$) across both service providers when applied to the per-minute rate is having the desired result. The Administrator completed an audit of STS outreach funding and uses and forwarded the results of those audits to the Commission for its further consideration. The Commission may wish to revisit this issue to determine whether there is a more effective way to inform speech impaired users about the availability of this service.

B. CTS

The proposed MARS CTS rate was calculated by following the same steps described above but substituting CTS related data for the TRS and STS data. Data for Maine was excluded, because the state compensated its relay providers with a flat rate mechanism in 2016. The results of this calculation can be found in Exhibit 1-2. Exhibit 1-2 summarizes the data provided by the individual state jurisdictions. The MARS CTS rate is also used to establish the rate used to compensate providers for IP CTS.³⁰

The total dollars for intrastate CTS, including the amounts paid to relay providers not included in the compensation rate, declined 19% from \$42,335,250 for calendar year 2015 to \$34,468,287 for calendar year 2016. The total conversation minutes for intrastate

²⁹ At its April 2017 meeting, the Interstate TRS Advisory Council was informed of the Administrator's intent to recommend that \$1.131 per minute of extra funding for speech to speech outreach purposes be maintained.

³⁰ Cost Recovery Order at ¶ 38.

CTS also declined 7% from 22,214,101 for calendar year 2015 to 20,606,230 for calendar year 2016. The total 2016 intrastate dollars divided by 2016 intrastate CTS minutes equals a calculated compensation rate of \$1.9467 per conversation minute for interstate CTS and IP CTS for the 2017 – 2018 funding period.

The proposed MARS CTS rate of \$1.9467 represents a modest \$0.0409 increase from the 2016 – 2017 rate of 1.9058 or approximately 2%. The associated revenue requirement at this reimbursement rate level based on decreasing provider projected demand will be \$8,667,436 in program year 2017-2018, a decrease of \$2,163,517 from the amount projected for the program year ending June 30, 2017.

C. IP CTS

The MARS order found IP CTS to be a new service without a cost history and stated that the Commission believed that the cost recovery rate for CTS will more accurately reflect the reasonable actual costs of providing IP CTS. As a result the Commission directed IP CTS to be compensated at the CTS MARS rate.³¹

RL began collecting and reporting IP CTS cost and demand data to the Commission beginning with the Annual Report for the 2012-2013 program year and annually thereafter. The RL 2016 Annual Data Collection form requested historic cost data regarding the provision of IP CTS in calendar years 2015 and 2016 as well as projected costs for 2017 and 2018 based on the cost categories reported by service providers for IP Relay services and for VRS services. The results of analysis of that IP CTS data are found in Exhibit 1-3. Exhibit 1-3 contains information compiled by the Administrator from annual cost data supplied by IP CTS service providers for the annual

³¹ See FCC 07-186 para.38.

periods 2011 through and including 2016, as well as the current projected costs for both 2017 and 2018.

The MARS CTS rate of \$1.9467 represents a modest \$0.041 increase from the 2016 – 2017 rate of 1.9058 or approximately 2.1%. The associated IP CTS revenue requirement at this reimbursement rate level based on provider projected demand will be \$783,174,724 for program year 2017-2018 minutes, representing nearly 60% of all projected provider distributions for the year.

The RL Annual Data Collection form also requested historic cost data regarding the provision of IP CTS in calendar years 2015 and 2016 as well as projected costs for 2017 and 2018 based on the cost categories reported by service providers for IP Relay services and VRS services. The results of analysis of that IP CTS data are found in Exhibit 1-3. Exhibit 1-3 contains information compiled by the Administrator from annual cost data supplied by IP CTS service providers for the annual periods 2011 through and including 2016, as well as the current projected costs for both 2017 and 2018. This Exhibit contains the reported costs by year as well as the corresponding MARS rate for the corresponding year. Exhibit 1-3 also includes the calculated average cost projection for IP CTS for 2017 and 2018 as reported by the service providers as well as a marginal cost identified by the Administrator which is slightly above the highest projected average provider cost for the upcoming program year.

This Exhibit demonstrates that the MARS rate for IP CTS, with the exception of 2011 the first year of data collection and 2013, the year in which the Commission proposed limitations on the growth of demand which were overturned by the DC Circuit Court, is consistently well above the reported level of provider reported costs for the

period. Based on the number of reported minutes of service, IP CTS has become the most popular TRS service. Due to the continuing growth in demand for IP CTS service and the apparent lack of a correlation between the MARS CTS rate and the reported costs for IP CTS, the Administrator recommends that the Commission consider a rule modification and an alternate mechanism for establishing the reimbursement rate for IP CTS services, with due consideration to the future quality and availability of the service that accounts for more than half of all provider reimbursements.

The administrator has analyzed eight options regarding the reimbursement rate for IP-CTS. These include:

1. Retaining the current MARS rate-making procedure;
2. Setting the 2017-2018 tariff year rate at the industry average cost for 2016;
3. Setting the 2017-2018 tariff year rate at the cost of a marginal provider;
4. Establishing a four-year glide path where the rates decline from the current rate to the industry average cost for 2016.
5. Establishing a four-year glide path with two tiers. Tier one rates decline from the current rate to the industry average cost for 2016 over four years. A Tier two rate would be based on the industry actual average variable cost for the previous year.
6. Establishing a four-year glide path where the rates decline from the current rate to industry average cost for 2019.
7. Set the rate for each provider individually based on the provider's cost of service.
8. Make no change pending further comment and analysis by the Commission.

For the reasons provided below, the administrator has calculated the revenue requirement for IP CTS services based on the existing rate pending further comment and guidance from the Commission.

Retaining the current MARS rate-making procedure is not recommended because it will provide excessive industry profits. As shown in exhibit 1-3.1, these profits would be approximately \$262 million. Moreover, the rate, \$1.9467, is substantially above the cost of a marginal or high-cost provider, \$1.72. Therefore the rate is allowing even an inefficient provider to earn above normal profits. Because both industry profits and the

profits of an inefficient provider are excessive, retaining the current procedure would place an unreasonable burden on contributors to the fund.³²

The other seven options are dependent on industry cost patterns. Exhibit 1-3 provides actual data on industry IP-CTS costs for the calendar years 2011 through 2016 and projected data for 2017 and 2018. The providers can be divided into two groups: 1. Providers that directly employ communications assistants (CAs) and 2. Providers that sub-contract the CA function. For providers that directly employ CAs, those employment costs are shown in the “CA related” row. For providers that sub-contract the CA function, the CA related costs are reported in the “Other” row. In general, providers that employ CAs directly have lower costs than the providers that sub-contract the function. The total industry average cost for IP-CTS service has decreased from \$2.084 in 2011 to \$1.2965 in 2016 while the MARS CTS rate increased from \$1.763 to \$1.9058 over the same period. The major factor causing the different rate change patterns is the very fast growth in the demand for IP-CTS and the decrease in the demand for CTS service.

The IP-CTS costs can be disaggregated into average variable costs and average fixed costs. The variable costs are related to the CA function, and the fixed costs include all other costs.³³ Both average variable and average fixed cost have decreased over time. However, the decrease in the average variable costs is related to the relative shift in market share toward low-cost providers that directly employ CAs and away from high-

³² The Tariff year 2017-2018 IP-CTS fund requirements associated with each option is provided in Exhibit 1-3.3

³³ Some of the items included in fixed costs may vary with output but that variance is not directly proportional to output. For example, as output increases, facility and investment cost will increase, but that increase occurs in discrete steps and not proportionally with minutes.

cost providers that sub-contract the CA function. Average fixed costs have decreased for the majority of the providers.

Based on the IP-CTS costs shown in Exhibit 1-3, the option 2 rate, based on 2016 reported historical costs, would be \$1.2965. This rate would provide an incentive for the high-cost providers to find ways to reduce their costs. However, some of those costs are fixed in the short run due to multi-year contracts with sub-contractors, leading to the possibility that some providers may be forced out of the business. At the same time the price will still be above the average variable cost of service and therefore, will be an incentive for providers to grow the market because each additional minute sold adds substantial more to revenue than it does to cost. Due to the substantial decrease in the price and the failure to provide an incentive scheme designed to slow the growth in demand, we are not recommending the adoption of option 2.

The option 3 rate would be \$1.72. This rate is equal to a little more than the cost of the high-cost provider. It would ensure that all providers would stay in the market. It would also ensure that all other carriers would earn substantial profits and therefore, like option 1, would place an unreasonable burden on contributors to the fund. We are not recommending the adoption of option 3.

The Option 4 glide path requires that rates decline steadily from the current rate of \$1.9058 to \$1.2974. Accordingly, the tariff year 2017-2018 rate would be \$1.7535. The rates for the next three tariff years would be \$1.6012, \$1.4488, and \$1.2965, respectively. While the rate for 2017-2018 tariff year is higher than necessary to ensure that all providers will continue to offer service, the glide path will pressure the high-cost providers to reduce costs in the future. Because the glide path is known and certain the

providers should be able to construct a strategy to continue to provide service in the future. The strategy would probably include either restructuring their sub-contractor contracts or self-providing the CA function. However, because Option 4 still places a high burden on contributors in the immediate future and because it does not provide an incentive to mitigate the growth in the fund, we are not recommending Option 4.

Option 5 establishes a two-tier system. Tier one will establish rates for all minutes between 0 and 8 million minutes per-month. The second tier will establish rates for all minutes greater than 8 million minutes per-month. Rates for the first tier will follow the same glide path as the rates recommended for Option 4. In Tariff year 2017-2018, those rates will be high enough to cover the total fixed cost of service plus the variable cost for the minutes in that tier for each provider. In succeeding years, the reduction in this rate would provide an incentive for the high-cost providers to reduce their costs.

The rate for the second tier will be set equal to the actual average industry variable cost reported for the previous year, which would be \$0.8773 as reported for 2016³⁴. The second tier rate will allow the provider to receive additional revenue equal to the additional cost of providing additional minutes of use. It would, therefore, reduce the incentive to over-stimulate demand because it would reduce the profits associated with that demand stimulation. The second tier rate would also reduce the funding requirement in Tariff year 2017-2018. The combination of the two tier system sends the correct signals to the providers at the same time that it allows the providers an opportunity to adjust to the new pricing system and reduces the burden on contributors to the fund.

³⁴ See page 13 Exhibit 3 for April 2016 presentation to the TRS Fund Advisory Council: CA Related costs = 0.2672 plus Other costs = 0.6101 total = 0.8773.

Option 6 establishes a glide path similar to Option 4. However, because the 2019 end-point is unknown at this time and the path to that end-point is also unknown, the Option 6 glide path creates uncertainty for the providers. If the 2019 end-point cost becomes \$1.10 reached in equal increments of \$0.05 reductions per year from \$1.2965, then the glide path from the current of \$1.9058 becomes a rate of \$1.7535 for the Tariff year 2017-18. The subsequent tariff years will have rates of \$1.5857, \$1.3928, and \$1.10, respectively. This option provides an incentive for the high-cost providers to reduce their costs. That reduction in cost will reduce the end-point rate creating a greater incentive to reduce cost. By the fourth year, Option 6 rates could be well below the Option 4 rates. Without the tie to average variable costs, low-cost providers will still have an incentive to stimulate demand. Because of the failure to directly address the incentive to stimulate demand and the uncertainty regarding rates, it is our opinion that Option 5 is superior to Option six.

Option seven will establish a separate rate for each provider equal to that provider's cost. This option could set the rates based on this year's projected cost for the next year with a true-up if there is a difference between the projected cost and the actual cost. The problem with this option is that there is no incentive to reduce the cost of high-cost inefficient companies or to reduce the incentive to stimulate demand. Because the cost of each provider is below the proposed MARS rate, Option seven would reduce the burden on contributors.

Option eight is simply maintaining the status quo pending further comment and guidance from the Commission.

D. IP Relay

[Due to the single provider offering this service some cost information has been Redacted from this recommendation.]

In the *Cost Recovery Order*, the Commission concluded that the MARS methodology is not appropriate for IP Relay, because there are no state rates for this service. Although it was believed that the costs of providing traditional TRS and IP Relay are generally similar – in many instances, for example, the same CAs, sitting at the same offices, handle both traditional and IP Relay calls – there was concern that the use of a MARS rate for IP Relay may result in the overcompensation of IP Relay providers.

The Commission adopted a cost recovery methodology for IP Relay based on price caps for a three year period beginning with the effective date of that Order.³⁵ The initial three year period ended on June 30, 2010 coincident with the end of the 2009-2010 Fund year. The second three year period ended on June 30, 2013, coincident with the end of the 2012-2013 Fund year. Over the course of the next three year cycle the number of service providers declined until Sprint became the only remaining service provider. When establishing the compensation rate for the 2014-2015 fund year, CBG reconsidered the rate mechanism on a retroactive basis to reflect the costs of the then two remaining providers (Purple and Sprint) rather than the five providers whose costs were reflected in the MARS submissions for the initial year of the period. The Order establishing the rate for IP Relay service stated that “while we share Sprint’s concerns about maintaining service quality and preserving competition to the extent practicable, we are not convinced that the base compensation rate for IP Relay, as modified, is insufficient to allow

³⁵ *Id.* at ¶ 109.

providers to recover legitimate service costs and to provide service that meets or exceeds the Commission's minimum TRS standards.” Following the cessation of IP Relay service by Purple, Sprint requested and received temporary relief from the Speed of Answer (SOA) requirement for IP Relay service. Sprint also requested and received interim emergency relief in the form of increased rates for the period November 14, 2015 through the end of the then current program year, without an indication of the method to be followed for establishing rates for the upcoming 2015-2016, third year of the price cap cycle, program year, although the 2014-2015 rate Order did set the inflation factor for the cycle at zero³⁶. Because the efficiency factor, a factor that accounts for productivity gains, is set equal to the inflation factor, the efficiency factor also was set equal to zero, effectively freezing the rate, if there are no exogenous costs. In November 2014, Purple Communications ceased its provision of IP Relay service and Sprint filed an emergency petition seeking adjustment of the compensation rate, the Bureau reset the IP Relay compensation rate at \$1.37 per minute, effective retroactively from November 15, 2014, to ensure continuity of service to eligible consumers.³⁷ In the *2015 TRS Rate Order*³⁸, based on application of the price cap formula, the Bureau maintained the IP Relay compensation rate at the same \$1.37 level. In the *2016 TRS Rate Order*³⁹ the compensation rate was reset to \$1.30 and a temporary limited waiver of the outreach

³⁶ DA 14-946, Rel. June 30, 2014 paragraphs 11-19.

³⁷ *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, Order, 29 FCC Rcd 16273, 16275-78, paras. 6-12 (CGB 2014) (*IP Relay Rate Adjustment Order*). To facilitate Sprint's expansion of capacity to service the expected sudden influx of new customers migrating from Purple, the Bureau also established a separate rate of \$1.67 per minute, applicable to any monthly minutes handled in excess of 300,000 during the period from November 15, 2014, to May 15, 2015. *Id.*

³⁸ DA 15-774 Rel. June 30, 2015.

³⁹ DA 16-750 Rel. June 30, 2016.

recovery prohibition to allow recovery of Sprint's projected costs of specific outreach activities targeting the deaf-blind community was granted to permit the recovery of the costs described in its ex parte filings for outreach activities and dedicated staff specifically targeted at outreach to the deaf-blind community.

The *Cost Recovery Order* price cap plan for IP Relay applies three factors to a base rate – an Inflation Factor, an Efficiency (or “X”) Factor, and Exogenous Costs. The basic formula takes a base rate and multiplies it by a factor that reflects an increase due to inflation, offset by a decrease due to efficiencies. As a result the rate for a particular year would be equal to the rate for the previous year, reduced by 0 percent (*i.e.*, $\text{Rate}_{\text{Year } Y} = \text{Rate}_{\text{Year } Y-1} (1 - 0.0)$).⁴⁰ There were no claims of exogenous costs made by Sprint for the 2015-2016 program year. The rate in effect at the end of the 2015-2016 Fund year was \$1.37.

The price cap regime was in effect through the 2015-2016 Fund year. The application of the price cap mechanism for the third year of the price cap cycle *i.e.* 2015-2016, produced a rate of \$1.37 ($\$1.37 * 1.0 = \1.37). The Commission rejected Sprint's argument that the rate should remain at the \$1.37 level through the 2016-2017 program year and established a rate of \$1.30 per minute, but acknowledged the existence of some exogenous costs. At a meeting on June 17, 2016, between Bureau staff and representatives of the deaf-blind community, a representative of that community confirmed that Sprint had conferred with the community approximately one month earlier about ways to modify its IP Relay service to address ongoing concerns that the deaf-blind community had with respect to accessing IP Relay. The Bureau staff recognized that

⁴⁰ *Id.* at 10.

these costs were not included in the annual report projected costs submitted on March 1, 2016 and that the inclusion of these costs in the IP Relay rate will be subject to possible true-up, based on review of the reports to be submitted detailing Sprint's actual expenditures on such improvements.

The Commission determined in 2013 that IP Relay outreach should be conducted through what is now called the National Outreach Program and that provider-specific outreach costs should no longer be included as compensable costs.⁴¹ Sprint requested a waiver of this restriction with respect to its IP Relay outreach costs. The absence of other providers in the IP Relay market continues to have a significant impact on deaf-blind consumers.⁴² Sprint provided a detailed explanation of its proposed targeted outreach to the deaf-blind community – including outreach related to Sprint's recent and proposed service improvements for such consumers. Based on the information provided, the Bureau was persuaded that the outreach activities enumerated by Sprint are needed to effectively educate deaf-blind consumers regarding IP Relay service, ensure that they are aware of Sprint's service improvements instituted to benefit this group, and to offer members of the deaf-blind community an opportunity to provide feedback on making the service more accessible to and usable by individuals who are deaf-blind.⁴³ A temporary, limited waiver of the prohibition on recovery of provider-directed outreach for Fund Year 2016-17 was granted to permit Sprint to recover the costs described in its ex parte filings for outreach activities and dedicated staff specifically targeted at outreach to the deaf-

⁴¹ *VRS Reform Order*, 28 FCC Rcd at 8634-39, 8696, paras. 31-39, 192.

⁴² *See supra* note 24.

⁴³ Based on internal discussions with Commission staff, we also conclude that they will not duplicate activities of the National Outreach Program or of the NDBEDP Outreach Coordinator in Fund Year 2016-17.

blind community. To ensure that the costs incurred and outreach activities actually undertaken pursuant to this waiver were as described and advance the purposes of the TRS program, Sprint, as a condition of the waiver, was required to provide quarterly reports on its service improvements and outreach expenditures focused on the deaf-blind community in each quarter of Fund Year 2016-17, with an itemized list of each service improvement completed, each new hire, and each outreach activity conducted, identifying the specific groups targeted, or met with, and the dates and amounts expended for each item. These reports were to be filed with the TRS Fund administrator and CGB, due on November 1, 2016, February 1, 2017, May 1, 2017, and August 1, 2017. The first two of these reports have been filed. The remaining reports were not available for consideration at the time that this Annual Report was compiled for submission to the Commission.

Sprint as the only remaining IP Relay service provider is still required to report historical and projected costs to the Administrator on an annual basis. The cost data submitted for the historical periods lack relevance to the current circumstance as much as they did for the 2015-2016 Fund period, and presenting them in detail at this point will reveal projected information considered to be confidential by Sprint. Additionally the cost based recommendation is usually based on the average of the two projected year's costs. A comparison of outreach expenditures between the historic years 2015 and 2016 and the forecasted tariff year 2017-2018 indicates that outreach expenditures are expected to increase by \$0.035 per minute.

For the 2017-2018 Fund year, the Administrator has calculated the price cap rate for IP Relay to be $\$1.3350 (\$1.30 * 1.0) + 0.035 = \$1.3350$.

E. Video Relay Service

On June 10, 2013 the Commission released a Report and Order and Further Notice of Proposed Rulemaking, herein referred to as the “VRS Reform Order” in which the Commission revised the Tier structure and established the VRS compensation rates that are to be used through June 30, 2017, unless otherwise set by further Commission Order.

The tiers which became effective in September 2013 and the previous tiers are shown in Table 2 below.

Table 2: Reconfigured Rate Tiers for VRS Compensation

Tier Numbers	Previous Tier Definition (The range of a provider’s monthly VRS minutes to which the Tier is applicable)	New Tier Definition (The range of a provider’s monthly VRS minutes to which the Tier is applicable)
I	0-50,000	0-500,000
II	50,000.1-500,000	500,000.1-1 million
III	Over 500,000	Over 1 million

The progressive adjustment of rates for each tier is illustrated in Table 3 below, which shows the rates adopted for Fund years 2013-14, 2014-15, 2015-16, and 2016-17.

Table 3: Rates Adopted for Fund Years 2013-14 through 2016-17

Tiers (as recon-figured by this order)	FY 2013-14 Rates	FY 2014-15 Rates ⁴⁴	FY 2015-16 Rates ⁴⁵	FY 2016-17 Rates ⁴⁶
Tier I (0-500,000 minutes/ month)	\$5.98 (Jul.–Dec. 2013) \$5.75 (Jan.- June 2014)	\$5.52 (Jul.–Dec. 2014) \$5.29 (Jan.-June 2015)	\$5.06 (Jul.–Dec. 2015) \$4.82 (Jan.-June 2016)	\$4.44 (Jul.–Dec. 2016) \$4.06 (Jan.-June 2017)
Tiers (as recon-figured by this order)	FY 2013-14 Rates	FY 2014-15 Rates ⁴⁷	FY 2015-16 Rates ⁴⁸	FY 2016-17 Rates ⁴⁹
Tier II (500,000.1 – 1 million minutes/ month)	\$4.82 (Jul.–Dec. 2013) \$4.82 (Jan.- June 2014)	\$4.82 (Jul. –Dec. 2014) \$4.82 (Jan.-June 2015)	\$4.82 (Jul.–Dec. 2015) \$4.82 (Jan.-June 2016)	\$4.44 (Jul.–Dec. 2016) \$4.06 (Jan.-June 2017)
Tier III (over 1 million minutes/ month)	\$4.82 (Jul.–Dec. 2013) \$4.63 (Jan.- June 2014)	\$4.44 (Jul.–Dec. 2014) \$4.25 (Jan.-June 2015)	\$4.06 (Jul.–Dec. 2015) \$3.87 (Jan.-June 2016)	\$3.68 (Jul.–Dec. 2016) \$3.49 (Jan.-June 2017)

The rates established in the Report and Order were to be applied as scheduled to all VRS providers absent further action by the Commission. During the “glide path”

⁴⁴ Pending implementation of market-based rates.

⁴⁵ Pending implementation of market-based rates.

⁴⁶ Pending implementation of market-based rates.

⁴⁷ Pending implementation of market-based rates.

⁴⁸ Pending implementation of market-based rates.

⁴⁹ Pending implementation of market-based rates.

period, however, the Commission indicated that it may adjust the compensation rate to reflect exogenous cost changes, including the shedding of service responsibilities by VRS providers as VRS components begin to be provided by neutral entities. Pending the implementation of structural reforms, the Commission stated the expectation that the rate reduction plan adopted in the order will permit service providers to continue offering VRS in accordance with the mandatory minimum standards for high quality services, as the Commission transitions to structural reforms and a disaggregated, market-based compensation methodology. The Commission reserved the right to revisit the rates adopted in the Order if provider data shows that the rates remain substantially in excess of actual provider costs.

By Order dated March 1, 2016 at CG Docket No. 10-51 & CG Docket No. 03-123 (FCC 16-25) the Commission provided limited compensation relief for video relay service (VRS) providers with 500,00 or fewer minutes (the smallest providers). Specifically, the smallest providers were granted limited relief, on a retrospective and going-forward basis, from certain Tier I compensation rate adjustments adopted in the *VRS Reform Order*.¹ For the 16-month period begun July 1, 2015 and ending October 31, 2016, the FCC directed the administrator of the Interstate Telecommunications Relay Services Fund (TRS Fund) to pay compensation to such providers at a rate of \$5.29 per minute. For the period from November 1, 2016, to April 30, 2017, the administrator is directed to pay compensation to such providers at a rate of \$5.06 per minute. For the period from May 1, 2017 to June 30, 2017, the administrator of the Interstate Telecommunications Relay Services Fund (TRS Fund) is directed to pay compensation to such providers at a rate of \$4.82 per minute. The resulting rates for the small Tier I

providers, for the period January 1, 2015 to the end of the four-year period, are shown in the following table.

Table 4 Small VRS Provider Rates

	Jan. – June 2015	July – Dec. 2015	Jan. – June 2016	July – Oct. 2016	Nov. – Dec. 2016	Jan. – Apr. 2017	May – June 2017
Tier I (1 st 500,000 monthly minutes) for VRS providers with 500,000 or fewer minutes in a month	\$5.29	\$5.29	\$5.29	\$5.29	\$5.06	\$5.06	\$4.82

On March 1, 2016 Hancock, Jahn, Lee & Pucket, LLC , (d/b/a Communication Axess Ability Group and Branded Star VRS and Star VRS for the Deaf Blind (“Star VRSDb”) (collectively “CAAG/Star VRS”) (one of the referenced small certified petitioners) submitted a letter to the FCC explaining that it will immediately cease enrolling new VRS customers and cease providing VRS on March 31, 2016.

On December 20, 2016, Convo, Purple, and ZVRS submitted a joint VRS compensation proposal to the Commission and on January 31, 2017, Global joined those three providers in their submission of a revised version of the proposal⁵⁰. These providers contend that, because VRS market shares are so unequally distributed among providers, it is inequitable to calculate compensation rates for all VRS providers based on a weighted average of all providers’ costs, especially as many of the structural reforms of the VRS market contemplated in the 2013 VRS Reform Order have yet to be implemented or take effect. In addition, the providers maintain that further reductions in VRS compensation rates, absent structural reform, would threaten their viability and impede their ability to

⁵⁰ See 2017 Joint VRS Providers Proposal at 1. This proposal also requests that the Commission implement a number of service improvement measures proposed in the 2015 VRS FNPRM and issue a notice of inquiry regarding appropriate VRS service quality metrics.

grow, hindering the Commission's goal of ensuring functional equivalence by means of competition, innovation, and high quality service. To remedy this situation, the providers propose a four-year VRS rate plan with the following per-minute rates: \$5.29 for providers' with 500,000 or fewer minutes ("emergent rate"); \$4.82 for other providers' first 1,000,000 VRS minutes (Tier I); \$4.35 for a provider's monthly minutes between 1,000,001 and 2,500,000 (Tier II); and \$2.83 for a provider's monthly minutes in excess of 2,500,000 (Tier III). The proposed rates for providers with 500,000 or fewer monthly minutes and for Tier I minutes are the same rate levels that were applicable to those rate categories for January to June 2016⁵¹. The proposed Tier III rate is equal to the industry weighted average cost for 2015 stated in Rolka Loube's 2015 TRS rate filing. As justification for their proposal to create a new Tier II for minutes between 1,000,001 and 2,500,000, the providers maintain that the economies of scale needed to operate at the Tier III compensation rate are not achieved until a provider reaches approximately 2,500,000 minutes per month. The providers requested that the effective date of their four-year rate proposal be set retroactively as January 1, 2017.

On March 7, 2017, Sorenson Communications, LLC ("Sorenson") submitted an ex parte expressing the position that the draft Order and FNPRM circulated in advance of the FCC Public Meeting scheduled for March 23, 2017 misses an opportunity to seek comment on alternative, less regulatory approaches. Additionally Sorenson expressed concern that the FNPRM does not ask questions to test key assumptions and potentially could be read to preclude consideration of more efficient and less regulatory approaches, all while seeking additional services at additional costs to VRS providers. Sorenson

⁵¹ See Report and Order, Rel. March 3, 2016 (FCC 16-25, para. 15).

questions whether it remains appropriate to pay for inefficient providers after a decade of tiered rates. Sorenson included an outline of a new proposal on a market-based auction approach which it requested be included within the scope of the NPRM patterned after auctions run by the Federal Energy Regulatory Commission⁵². Sorenson also attached⁵³ a proposed description of the criteria for determining an efficient provider end-to-end VRS rate. Sorenson stated that the draft does not test the assumption that certain providers costs are higher due to economies of scale, that there remain (and will continue for the four-year period) structural barriers to less efficient providers' expansion of market share other than their own marketplace deficiencies, and that tiers are not themselves enabling inefficient operation or unwanted behavior. Sorenson urged the FCC to ask several additional questions.

Pursuant to the *Report and Order, Notice of Inquiry, Further Notice of Proposed Rulemaking, and Order*⁵⁴ the Commission provided for VRS improvements by authorizing trials of Skills-Based Routing and the use of Deaf-Interpreters, clarified the Speed of Answer requirements, and authorized a Pilot for At-Home VRS call handling. The Commission initiated an inquiry regarding service quality metrics for VRS. The Commission's prior VRS compensation rate decisions reflected a tension between two competing values: (1) providing a competitive spur for improvements in the availability, efficiency, and functional equivalence of VRS by enabling a diversity of providers⁵⁵, and

⁵² See Attachment A ,Sorenson ex parte of March 7, 2017.

⁵³ See Attachment B, Sorenson ex parte of March 7, 2017.

⁵⁴ FCC 17-26, Rel. March 23, 2017.

⁵⁵ See, e.g., Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, Report and Order and Order on Reconsideration, 20 FCC Rcd 20577, 20588, 20590, paras. 21, 26 (2005).

(2) conserving the TRS Fund by compensating only for the efficient provision of VRS⁵⁶. In the *Further Notice of Proposed Rulemaking*, the Commission requested comment on a proposed further four-year plan for VRS compensation, an amendment to permit server-based routing of VRS and point-to-point video calls, safeguards around who may use enterprise and public VRS videophones, and an amendment to allow customer service support centers to access the TRS Numbering Directory for direct video calling. The Commission also sought comment on whether to direct the TRS Fund Administrator to continue to request funding for research and development, whether to prohibit non-service related inducements to register for or use VRS, and whether to prohibit the use of non-compete provisions in VRS CA employment contracts.

Per Commission Regulations⁵⁷, the interstate TRS Fund Advisory Committee meets at least semi-annually in order to monitor TRS Cost recovery matters. Those meetings are scheduled annually and held in early April and in the following September. During the September 2016 meeting the advisory council determined that an additional meeting was needed to develop a better understanding of the options for making a VRS rate recommendation applicable to the period beginning July 1, 2017 and beyond. During the Advisory Council meeting scheduled and held on November 3, 2016 a subcommittee was formed to evaluate the data provided by providers and to advise Rolka Loube on recommendations to the FCC. A non-disclosure agreement was developed on behalf of non-provider Council members and circulated to VRS providers requesting confidential access to the provider annual cost submission to Rolka Loube. The Non-disclosure agreement was agreed to by the VRS service providers with the exception of

⁵⁶ See, e.g., 2013 VRS Reform Order, 28 FCC Rcd at 8698, para. 198.

⁵⁷ See 47 C.F.R. §64.604(c)(5)(iii)(H).

Sorenson Communications. The subcommittee conducted several conference calls following the November 2016 meeting in advance of the April 4, 2017 public Advisory Council meeting to consider the data made confidentially available to the subcommittee members in an effort to provide a more informed recommendation to the full Advisory Council at the April 4, 2017 meeting.

At the April 4, 2017 TRS Fund Advisory Council meeting the following recommendation of the subcommittee was discussed and adopted by the full Council although two members abstained from the vote.

iTRS Advisory Council VRS Rate Recommendation

In the interest of industry stability, the iTRS Advisory Council (‘the Council’) recommends four-year annual price changes for tiers I-III rather than the six-month rate decreases proposed in the FNPRM. The Council recommends that the Emergent rate will remain the same over the four-year period and that no subsidiary of a parent VRS provider will be eligible to take advantage of the emergent rate except as described below. Specifically, the Council recommends adoption of the four tiers proposed in the FNPRM, retroactive to January 2017:

Tier	Description	First Year Rate
Emergent	0-500,000 minutes/month	\$5.29/minute
Tier I	0-1,000,000 minutes/month	\$4.82/minute
Tier II	1,000,000- 2,500,000 minutes/month	\$4.35/minute
Tier III	More than 2,500,000 minutes/month	\$2.83/minute

Additionally, the Council is concerned that, without compensation, the providers will have little interest in voluntarily trialing skills based routing. The council recommends that providers be compensated for minutes during the trial at the Emergent

rate, conditioned on the providers submitting a plan on how they will ensure that only the minutes associated with the trial be compensated at the higher rate. The Council recommends that the eight-month clock starts when the processes are in place to conduct the trial.

The Council will continue to analyze the rate methodology and will make a recommendation in the near future for the rate methodology, as well as the processes for determining the rates for the 4 years. *(End of the VRS rate recommendation)*

Video Relay Service providers are required to report historical and projected costs to the Administrator on an annual basis. Following are the results of analyzing the cost data submitted by the Video Relay service providers.

For analysis purposes, the Administrator segregated the provider historical and projected costs into nine distinct categories for review:

- **Facilities**, those expenses associated with land and buildings, etc.;
- **Interpreter Expense**, the costs of the individuals performing the interpretive services;
- **Non-Interpreter Relay Center Expense**, other costs associated with the relay center including supervisory management, telecommunications expense, etc.;
- **Indirect Expense**, finance, human resources, legal expenses, executive compensation, etc.;
- **Depreciation Expense**, annual depreciation on facilities and equipment;
- **Marketing Expense**, the projected costs of advertising the provider's service;
- **Outreach Expense**, the projected costs of notifying consumers of service availability;
- **Other Expenses**, projected expenses not directly associated with one of the other expense categories; and

- **Capital Investment**, the investment in facilities, equipment, furniture, etc. associated with the relay center.

Data submitted by the providers in response to the Administrator's annual data request are shown below. The data is summed across the providers by category and then divided by annual VRS minutes.

Table 5. All VRS Service Provider Reported and Projected costs

Category	2015	2016	2017	2018
Facilities	0.1911	0.2085	0.2145	0.2183
CA Related	1.3964	1.3920	1.5072	1.5450
Non-CA Relay Center	0.3508	0.3339	0.3345	0.3371
Indirect	0.5212	0.5788	0.5338	0.5271
Depreciation	0.0956	0.0999	0.1036	0.1020
Marketing	0.1297	0.1451	0.1472	0.1493
Other	0.0000	0.0000	0.0000	0.0000
Subtotal:	2.6848	2.7582	2.8408	2.8788
Outreach	0.1288	0.1049	0.1230	0.1279
Other	0.000	0.0000	0.0000	0.0000
Customer Premise Equipment	0.1269	0.1591	0.1814	0.1897
Return on Investment	0.0423	0.0355	0.0351	0.0352
Total Cost	2.9827	3.0577	3.1803	3.2316
Total Cost excluding Outreach & CPE	2.7270	2.7937	2.8758	2.9140

While the total cost of VRS service increased slightly from \$2.8348 in the historical Fund Year⁵⁸ period to \$2.8949 in the projected Fund Year period, CA related expenditures are projected to increase by 7.65 cents per minute from \$1.4496 to \$1.5261 per minute. Non-CA Relay Center related expenditures are also projected to increase slightly by \$0.0016 from \$0.3342 to \$0.3358 per minute. Offsetting this change is a decrease in indirect expenditures of \$0.0259, from \$0.5500 to \$0.5305 per minute

A “Joint Proposal of three VRS providers for improving functional equivalence and stabilizing rates” (Joint Proposal) dated December 20, 2016 was filed with the Commission and joined by a fourth provider on January 31, 2017. Sorenson Communications made an ex parte filing with the Commission dated March 7, 2017, and the Commission adopted a Report and Order, Notice of Inquiry, Further Notice of Proposed Rulemaking, and Order regarding VRS rates and reforms dated March 23, 2017. Each of these items has been described in some detail above. Each of these items was brought to the attention of the Advisory Council membership to be addressed at the April 4, 2017 meeting for the purpose of providing advice and recommendations to the Fund Administrator. The providers proposed a number of reforms designed to enhance the functional equivalence of VRS. Specifically, the providers proposed that the Commission (1) conduct a trial during which providers may offer skills-based routing in order to collect data about the cost and feasibility of offering that service; and (2) encourage providers to offer deaf interpreters. The Joint Proposal specified that none of its reform proposals are feasible without an immediate stabilization of the VRS rate.

⁵⁸ Fund Year costs are the average of the two historic or projected years that are part of the program year that begins July and ends June.

The noteworthy changes in projected costs for the subset of the smallest service providers whose minutes of service fall entirely within Tier I, averaged \$6.1889 during the historical period and \$6.2582 during the projected period; the change of \$0.0693 per minute is identified below. Neither the historic nor the projected VRS rate compared favorably to the historic or projected costs for the smallest VRS service providers whose costs remained above the established reimbursement levels. Although the industry average costs and projections were below the authorized rates for VRS service the historic and projected costs for the smallest of the providers' remained above the authorized rates, jeopardizing their continuation of service.

Table 6. The Smallest VRS Provider Reported and Projected Costs

Category	2013 ¹	2014 ¹	2015 ²	2016 ²	2017	2018
Facilities	0.4290	0.3126	██████	██████	██████	██████
CA Related	2.5659	2.2529	██████	██████	██████	██████
Non-CA Relay Center	1.6747	1.6021	██████	██████	██████	██████
Indirect	1.5524	1.3847	██████	██████	██████	██████
Depreciation	0.1620	0.1381	██████	██████	██████	██████
Marketing	0.1965	0.2014	██████	██████	██████	██████
Other	0.2968	0.0760	█	█	█	█
Return on Investment	0.0666	0.0448	██████	██████	██████	██████
Total Cost	6.944	6.0126	5.991415	6.386269	6.430887	6.08544

¹ data provided by three providers. ² data provided by two providers.

By Report and Order at CG Docket No 10-51 & CG Docket No. 03-123, adopted March 1, 2016, released March 3, 2016, the Commission provided limited compensation

rate relief for video relay service (VRS) providers with 500,000 or fewer monthly minutes (smallest VRS providers). Specifically, the Commission granted the smallest VRS providers limited relief, on a retrospective and going-forward basis, from certain Tier I compensation rate adjustments adopted in the *VRS Reform Order*. For the 16-month period beginning July 1, 2015, and ending October 31, 2016, the Commission directed the administrator of the Interstate Telecommunications Relay Services Fund (TRS Fund) to pay compensation to such providers at a rate of \$5.29 per minute. For the period from November 1, 2016, to April 30, 2017, the Commission directed the administrator of the Interstate Telecommunications Relay Services Fund (TRS Fund) to pay compensation to such small providers at a rate of \$5.06 per minute. For the period from May 1 to June 30, 2017, (to be paid in July and August 2017) the Commission directed the administrator of the Interstate Telecommunications Relay Services Fund (TRS Fund) to pay compensation to such small providers at a rate of \$4.82 per minute.

RL recommends an alternative to the Tier structure proposed by the Commission on March 23, 2017 to be adopted for purposes of establishing the requirements of the TRS Fund beginning July 1, 2017. RL's recommendation is that rates for Tiers I and II be the same, as regularly occurred in the schedule adopted in the VRS Reform Order (see Table 3) and therefore Tiers I and II be merged into a single Tier of 2,500,000 minutes with a second Tier rate for minutes in excess of Tier I minutes. RL further recommends that the Emergent tier be established for the program year beginning July 1, 2017 and remain in effect during a four program year period, subject to the conditions recommended by the members of the TRS Fund Advisory Council, i.e. that no subsidiary of a VRS service provider is eligible to participate in the Emergent tier. Whereas ZVRS

Holding acquired Purple on February 14, 2017 and will continue to offer VRS under their existing brands as two wholly owned subsidiaries of ZVRS Holding until the businesses are integrated, but no more than three years from the effective date of a Consent Decree⁵⁹, RL's recommendation to establish Tier I at 2,500,000 minutes removes any incentive to delay the integration of the two VRS subsidiaries to afford the two companies undue reimbursement via the tier structure.

RL recommends the Emergent rate supported by the Advisory Council and requested by the service providers (i.e. \$5.29 per VRS conversation minute) and that the rate remain in effect throughout the program year, not subject to six month adjustment. RL further recommends that the Commission reconsider its position on reimbursement for pilot skills based routing and authorize reimbursement for pilot skills based routed calls subject to the conditions enumerated in the Report and Order, Notice of Inquiry, Further Notice of Proposed Rulemaking, and Order (FCC 17-26) adopted March 23, 2017, including the collection of incremental cost data as more fully described therein.

RL acknowledges that the reported costs of the two small providers has remained above the rate levels authorized for the period November 2017 through June 2017 and that various parties have requested, or supported, retroactive application of the Emergent Tier rates. RL has calculated the revenue requirements applicable to a determination that retroactive application of any VRS rates is authorized. RL has also incorporated the required revenue into the proposed TRS Fund contribution calculation with the observation that it has a de minimus impact on the contribution factor (i.e. 0.01836 vs. 0.01835).

⁵⁹ See FCC Files File No.: EB-TCD-12-00000376; File No.: EB-TCD-15-000202486 and File No.: EB-TCD-15-00020485.

Since cost data has been historically collected on an annual basis, RL is unable to develop a correlation between costs and six month changes to the authorized reimbursement rate for VRS Services and therefore recommends that rate changes occur at annual increments coincident with the program year.

The three non-emergent VRS providers include only a holding company's two operating subsidiaries (Z and Purple) and Sorenson Communications. Therefore, due to the confidential nature of the respective providers cost data RL will not be reporting on the supporting details of our recommendation for VRS rates.

RL recommends that the rate of \$4.17 per minute is a reasonable compromise between the high and low rates proposed by the Commission on March 23, 2017 and is above the costs of the non-emergent providers to be applicable to the RL proposed 2,500,000 minute Tier I, and the \$2.83 rate per minute proposed by the Commission is also above the average costs of the one provider that is providing in excess of 2,500,000 minutes per month and who will also receive the benefit of the higher rate for its first 2,500,000 minutes per month.

IV. Demand Projection Methodology

In order to estimate the annual funding requirement and propose a contribution factor, an estimate of the interstate funding requirement for each of the services is required. The fund requirement equals the service rate multiplied by the service demand reimbursed during the program year, July through June. The Administrator has adjusted the demand levels of the tariff year to reflect the two month difference between the provision of service and the reimbursement for that service. Providers of services being

compensated using the MARS-based rate methodology, (i.e. traditional TRS, STS and CTS), are not required to submit demand projections.

In this report, as was done previously, historical demand was used to estimate the future demand for traditional interstate TRS, STS and CTS. Using the linear trend forecast capability of Microsoft Office Excel, the Administrator projected demand for the 2017– 2018 Fund year using actual data available to the Administrator at the time the filing is due to the Commission.⁶⁰ For each of these services, the Administrator projected demand and an estimated funding requirement based on the proposed compensation rates for the funding year. This approach has historically provided reasonably accurate results for these services.

The Administrator has historically used the forecasts submitted by the providers for IP Relay and VRS services and recommends them for use for the 2017 – 2018 funding year. This approach has historically provided reasonably accurate results for these services. The administrator applied the proposed IP Relay rate and as well as the proposed tiered VRS reimbursement rates to calculate the funding requirements for these services.

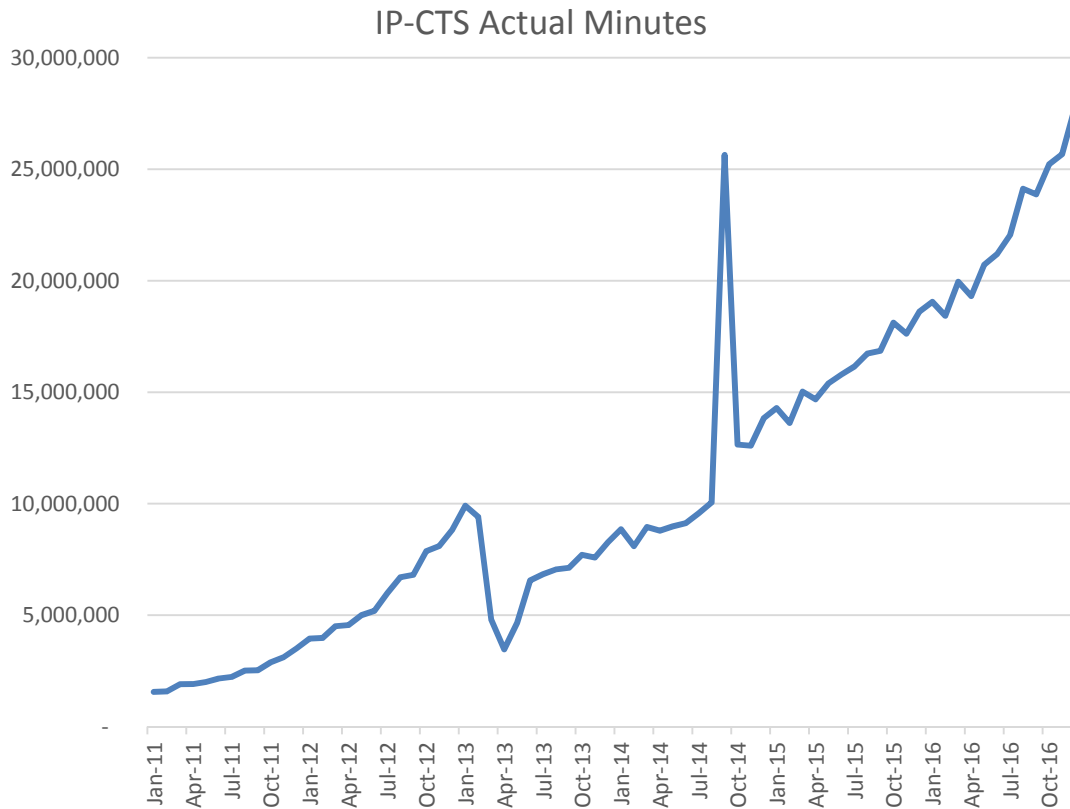
The IP CTS industry demand projection for the 2017-2018 funding year totals 385,610,029 minutes⁶¹, a significant increase when compared to the projection for the 2016-2017 Fund year of 272,445,257 minutes⁶². The Administrator considers the compilation of the industry demand forecast to be reasonably valid but consistently lower than reported actual monthly demand. The reported demand for the first ten months of

⁶⁰ In most instances this embodies July 2014 through January 2017 minutes.

⁶¹ May 2017 – April 2018.

⁶² May 2016 – April 2017.

the current program has reached 244,241,839.1 minutes, or 90% of the projected total for the period. Demand for IP CTS service is increasing at an exponential rate.



IP CTS demand has been affected by a number of factors over the past few years; the most significant among those factors is the entry of an additional service provider, who aggressively expanded its market share over each of the past several years, the introduction of additional regulations, and litigation regarding those additional regulations. On August 26, 2013, the Commission adopted final rules on IP CTS. Under the final rules adopted by the Commission, among other things, providers who provide IP CTS equipment, software, and applications to consumers after September 30, 2013, at no charge or for less than \$75, were prohibited from receiving compensation from the Fund

for minutes of use generated by consumers using such equipment, software, or applications.⁶³

The final rules maintain, with modifications, the requirements that IP CTS providers register each new IP CTS user and obtain a self-certification regarding the consumer's understanding of and need to use IP CTS.⁶⁴ In addition, providers must register and obtain certifications from all consumers who commenced service prior to adoption of the interim rules.⁶⁵ The final rule contained registration and certification requirements, however, those requirements did not take effect until after OMB had approved them.⁶⁶

The \$75 equipment charge rule took effect on September 30, 2013.⁶⁷ As noted, however, on December 6, 2013, the court of appeals stayed this rule and on June 20, 2014 the Court issued an opinion vacating the interim rules in their entirety and vacating the \$75 equipment charge rule and default-off rule contained in the IP CTS Reform Order⁶⁸. Following the Court decision, the providers requested payments for minutes that had been disallowed by the Commission's rules. Those payments were made in July 2014, causing the sharp peak in demand shown in the previous chart.

⁶³ *IP CTS R&O*, 28 FCC Rcd at 13440-48, ¶¶ 41-59.

⁶⁴ *See id.* at 13421, ¶ 2, 13496-97, Appx. B, §§ 64.604(c)(9)(i), (iii). In addition to the information required by the interim rules, the final rules require providers, for example, to obtain from registrants the last four digits of the consumer's social security number and the consumer's self-certification that, to the best of the consumer's ability, persons who have not been registered to use Internet protocol captioned telephone service will not be permitted to make captioned telephone calls on the consumer's registered IP captioned telephone service or device. *Id.*

⁶⁵ *Id.* at 13450-55, ¶¶ 66-73, Appx. B, § 64.604(c)(9)(xi).

⁶⁶ *Id.* at 13492-93, ¶¶ 166-67.

⁶⁷ 78 FR at 53691 (announcing that final rule 64.606(c)(11)(i) shall be effective September 30, 2013).

⁶⁸ IP CTS Reform Order, FCC 13-118 Rel. 8/26/2013.

V. Additional Funding Requirements

A. Video Relay Service Reforms

For the past several years the recommendation has included an allowance of \$20 million for the various reform initiatives identified in the 2013 VRS Reform Order. Based on historical expenditure levels and the conclusion of the four year transition plan RL is recommending that the allowance be reduced to \$9.6 million to reflect currently known ongoing commitments.

B. iTRS Data Base Administration

In the *TRS Numbering Order* the Commission adopted a system for assigning users of internet-based Telecommunications Relay Services (TRS), specifically for VRS and IP Relay, ten-digit telephone numbers linked to the North American Numbering Plan. In that *Order*, the Commission identified the types of costs that are compensable from the interstate TRS Fund.

The Commission also determined that the start-up expenses related to the database and the administration of the database should be compensated by the Fund. The *Commission authorized the TRS Fund Administrator to pay the reasonable costs of* providing necessary services consistent with this *Order* directly to the database administrator.⁶⁹

The Administrator projects that the 2017-2018 Fund year compensation for the iTRS data base Administrator would be \$1,005,000 ($\$83,750 * 12 = \$1,005,000$) based on the current reimbursement level. RLSA recommends this amount be included in the 2017-2018 Fund year.

⁶⁹ TRS Numbering Order at 101

C. Deaf-Blind Equipment Distribution Program

In its April 6, 2011 Order, the Commission established a National Deaf-Blind Equipment Distribution Program (“NDBEDP”) to certify and provide funding to entities in each state so that they can distribute specialized customer premises equipment (“CPE”) to low-income individuals who are deaf-blind.⁷⁰ Funding for this program has been established at \$10,000,000 per year beginning with the 2012 – 2013 Fund year. As such, \$10,000,000 has been included in the Interstate TRS Funding Requirement for the 2017-2018 Fund year.

D. TRS Fund Administrator Expenses

Beginning July 1, 2011 the Interstate TRS Fund Administrator became compensated based on a fixed price contract similar to that of the iTRS numbering Administrator. The contract for the 2017-2018 Fund year has not yet been confirmed. The projected TRS Fund Administrator expenses are estimated to be \$1,700,000.

E. Revenue Data Collection Agent Expense

Prospectively, the Revenue Data Collection Agent (DCA) and its functions associated with processing the revenue information to determine TRS Fund contributors are to be separately identified from the TRS Fund Administrator’s costs. The DCA invoices the TRS Fund for 8% of Data Collection costs. For the 2017 – 2018 fund year, the DCA costs are projected to be \$88,800.

⁷⁰ *Implementation of the Twenty-First Century Communications and Video Accessibility Act of 2010, Section 105, Relay Services for Deaf-Blind Individuals*, Report and Order, CG Docket No. 10-210, Adopted April 4, 2011

F. Interstate TRS Advisory Council Expenses

Expenses incurred as a result of the Interstate TRS Advisory Council holding a minimum of two meetings annually as required by the Commission's rules⁷¹ are now separately identified from the TRS Fund Administrator's expenses. For the 2017 – 2018 Fund year, these expenses are projected to be \$50,000.

G. Investment Expense

The Program Administrator has entered into a Non-Custody Investment Advisory Agreement in which the Investment Advisor will direct the investment, reinvestment and changes in the investment of the TRS Fund Account, manage the Qualified Investments and use its best efforts to invest all Escrow Funds in compliance with the FCC letter dated June 20, 2011 (DA 11-1069) regarding the Investment of Telecommunications Relay Service Funds. This Agreement will provide transparency to the costs associated with managing the investments of the Fund. Investment expenses for the 2017-2018 Fund year are estimated to be \$190,000.

H. Service Provider Audits

The TRS Fund Administrator's audit plan, applicable to service providers' compliance with the provisions of 47 C.F.R. 64.604 by independent audit firms, has to be approved by the Commission and initiated subject to competitive bid where applicable. The Administrator anticipates a funding requirement of \$1,000,000 for the audit of service providers during the 2017-2018 Fund year.

⁷¹ 47 C.F.R. § 64.604(c)(5)(iii)(H)

I. IPERIA

In response to a directive from the FCC, the Administrator developed a plan to establish a baseline error rate for payment from the TRS Fund based on a Memorandum from the Office of Management and Budget (OMB) to Heads of Executive Agencies, *Issuance of revised Parts I and II to Appendix C of OMB Circular A-123 (April 14, 2011) and Part III to OMB Circular A-123, Appendix C*. The Administrator anticipates a funding requirement of \$45,000 for compliance with this directive to expand on the plan during the 2017-2018 fund year, and a funding requirement of \$205,000 to implement the testing provisions of the approved plan, for a total of \$250,000, which is in addition to the budget estimate for Service Provider audits.

J. Bankruptcy Representation

During the 2011-2012 Fund year the Administrator found it necessary, with the prior approval of the Commission, to retain outside counsel to represent the interests of the Fund in various Bankruptcy proceedings. The Administrator anticipates a funding requirement of \$50,000 for legal representation, subject to Commission prior approval of such legal representation, in bankruptcy matters during the 2017-2018 fund year.

K. Audit Expense

RL recommends that the 2017 – 2018 Fund year expenses include an allowance to conduct an independent audit of the TRS Fund separate from the independent audit of the FCC. The independent audit is competitively bid and is projected to be \$65,000.

VI. Contribution Factor Calculation

As previously noted, reimbursement requests are to be processed within two months of receipt by the Administrator. Operationally, service provided in the month of

May will be reported to the Administrator in the month of June and paid in the month of July, the first month of the upcoming program year. Similarly service provided in the month of June will be reported in the month of July and paid in the month of August, the second month of the upcoming program year. As a consequence, the Administrator's funding recommendation for the Fund year beginning July 2016 through June 2017, incorporates the demand for the final two months of the expiring program year, which will be paid during the upcoming Fund year, and only ten months of the MARS and service providers' projections to comprise the twelve months funding requirement. The Administrator has recommended that the payment reserve remain at two average months of the level of anticipated provider distributions to provide both a reserve and an estimated accrual for the two months that will be reimbursed from the following Fund year.

Collectively, the six relay services and the additional fund requirements total \$1,444,065,840. Interest on invested funds for the July 2017 – June 2018 period is projected to be approximately \$450,000 and is used to offset on-going Fund requirements.

Historically, the Administrator has recommended that the TRS Fund include an additional component to protect the Interstate TRS program from running short of available funds before the end of the TRS Fund period. In its 2009 *and 2010 Rate Orders*, the Commission accepted the Administrator's recommendation to include a surplus of one month's projected distributions to providers be included in the funding requirement.⁷² The Administrator recommended for the 2014-2015 funding year that the

⁷² Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, Order, CG Docket No. 03-123, 23 FCC Rcd 9976 (2008 Rate Order) at n. 56

budgetary reserve be increased to two months to more appropriately reflect the practice of budgeting demand to reflect the fact that the distributions in the program year include payments for service provided in May and June of the prior year and only ten months of the service provided during the upcoming program year. In the 2014-2015 Rate Order⁷³ the Commission accepted the change to increase the reserve as described. The use of a budgetary reserve of two average month's projected distributions to providers, \$202.867 million, is included in the funding requirement. It is anticipated that there will be a surplus of approximately \$189,000,000, at June 30, 2017.

The total projected net funding requirement for the 2016-2017 funding year is estimated to be \$1,254,615,840. The component parts of the projected funding requirement are displayed in Exhibit 2.

Based on the 2017-2018 demand projections and the proposed rates contained herein coupled with the calendar year 2016 revenue base, the Administrator estimates that the contribution factor will need to be 0.02084

VII. Program Administration

A. Interstate TRS Fund Advisory Council Reports

Pursuant to section 64.604 of the Commission's rules, the Advisory Council advises the Administrator on interstate TRS cost recovery matters.⁷⁴ The Advisory Council includes non-paid volunteers from the hearing and speech disability community, TRS users (voice and text telephone), state regulators and relay administrators, interstate

⁷³ See DA 14-946, para. 23.

⁷⁴ 47 C.F.R. § 64.604 (c)(5)(iii)(H).

service providers, and TRS providers. Appendix C contains a listing of current Advisory Council members.⁷⁵

.On September 13, 2016 the Advisory Council met in Annapolis Maryland. The meeting included an extensive overview of developments at the FCC presented by Karen Peltz Strauss and Eliot Greenwald of the Consumer and Governmental Affairs Bureau of the FCC and a discussion of the health of the Fund by the Fund Administrator, David Rolka. The meeting included a presentation by Lise Hamlin, Director of Public Policy, Hearing Loss Association of America, regarding IP CTS. The meeting also included a presentation by Zainab Alkebsi and Ed Bosson regarding VRS Quality Issues. The Council concluded that an additional meeting was needed to get a better understanding of the options for making VRS rate recommendations at the regularly scheduled April meeting and scheduled it for November 2016. The minutes of the meeting and the presentations are attached at Appendix D.

On November 3, 2016 the Advisory Council met in Harrisburg, Pennsylvania. During the meeting the Council entertained presentation from VRS Service providers regarding options for VRS rates to be recommended to the FCC at the conclusion of the April 2017 meeting. The Council established a subcommittee, excluding members associated with a service provider with the intention of securing confidential access to the annual VRS provider cost data submitted to Rolka Loube. The subcommittee members executed a non-disclosure document and secured the agreement of all but Sorenson to gain access to the data filed with the Fund Administrator. The subcommittee convened

⁷⁵ In a July 1999 Order, the FCC authorized the addition of a position in the hearing and speech disability community category for a representative from the speech disability community. *See Appointment of the Telecommunications Relay Services (TRS) Fund Administrator and Composition of the Interstate TRS Advisory Council*, CC Docket No. 90-571, Memorandum Opinion and Order, 14 FCC Rcd 10553 (1999).

several conference call meetings prior to the April 2017 Council meeting to become familiar with the filing requirements and with the provider data.

On April 4, 2017 the Advisory Council met in Washington, D.C. The meeting included an overview of developments at the FCC presented by Karen Pell-Straus, Deputy Director, Consumer and Government Affairs Bureau (“CGB”) and Michael Scott of CGB and by Eliot Greenwald of the Disability Rights Office and a presentation of the findings regarding the annual MARS data collection in preparation for a recommendation for the upcoming rates, fund requirements and contribution factor for the 2017-2018⁶ Fund program year. The Advisory Council considered a motion offered by the membership of the subcommittee and adopted by the Council with two abstentions regarding VRS rates for the upcoming program year. The minutes of that meeting and the presentations are attached at Appendix D.

B. Audit Report

Included in Appendix E is a copy of the TRS Fund Performance Status for the period ended July, 2016, through March 2017.

Appendices:

- Appendix A ----** Interstate TRS Fund 2016 Intrastate Rate and Minute Data for MARS Methodology (State Data Collection Form & Instructions)
- Appendix B ----** Interstate TRS Fund Annual Provider Information (Provider Data Collection Form & Instructions)
- Appendix C ----** Current Advisory Council Members
- Appendix D ----** TRS Council meeting Minutes of September and November 2016 and April 2017.
- Appendix E ----** TRS Fund Status Report through March 2017.
- Appendix F ----** PowerPoint Presentations offered at the Advisory Council Meetings are available for inspection on the RL website www.rolkaloube.com.

Exhibits:

- Exhibit 1-1 ----** Displays TRS & STS data collected from states for the Interstate MARS rate calculation.
- Exhibit 1-2 ----** Displays CTS data collected from states for the Interstate MARS rate calculation.
- Exhibit 1-3 ----** IP CTS historical cost and Rate data
- Exhibit 1-3.1 --- IP CTS Revenue, Expense and Profit Estimates for Tariff Year 2017-2018**
- Exhibit 1-3.2 --- IP CTS Cost Trend Data**
- Exhibit 1-3.3 --- IP CTS Optional Rate Revenue Requirements**
- Exhibit 1-4 ----** Displays IP CTS Historical and Projected Demand
- Exhibit 2 ----** Displays the proposed Interstate TRS Fund Size and Contribution Factor for the July 2017 through June 2018 Fund Year.
- Exhibit 3 ----** Anticipated 2017-2018 reimbursement schedule
- Exhibit 4 ----** Erosion of 2016-2017 Contribution Base.

Interstate TRS Fund

2016 Annual State Rate Data Request

Filing Instructions

Should you have any questions about these instructions or completion/content of the forms, please contact Bob Loube at 301-681-0338 or bobloube@earthlink.net. Questions about the submission of this data request can be made to Andy Morrow at amorrow@rolkaloube.com or call 717-585-6605 Extension 622.

Filing Requirements / Schedule / File Preparation

Form required of all states and US territories:

- Rate and Demand

Form to be completed as appropriate:

- Additional Costs Paid to Provider

Filing deadline:

Forms must be emailed to amorrow@rolkaloube.com **on or before February 20, 2017.**

Naming your file:

Each Excel workbook must be saved and submitted as a whole collection of completed data forms using this filing naming template: **xx_2016_Annual_v.xls**, **example: PR_2016_Annual_0.xls**

- | | |
|----|---|
| xx | Represents an abbreviation of the state or US territory (i.e. PA, DC, PR) |
| v | Represents a single digit for the version of the filing. The first filing submitted for the carrier should be 0. If the file is being replaced for some reason, increment by 1 each time a replacement file is created for submission. |

General Information

On November 19, 2007, the Federal Communications Commission released a Report and Order (FCC 07-186) adopting new cost recovery methodologies for the various forms of TRS. For traditional TRS, STS, and CTS, the Commission adopted the

MARS Plan. One MARS rate is calculated that applies to Interstate TRS and STS, and one MARS rate is calculated that applies to Interstate CTS (and currently all IP CTS).

Under the MARS plan each January the Fund Administrator will request each state TRS administrator, and each provider of TRS, STS, and CTS to provide the following data for the previous calendar year: (1) per-minute compensation rates for intrastate traditional TRS, STS, and CTS; (2) whether the rate applies to session minutes or conversation minutes; (3) the number of intrastate session minutes for traditional TRS, STS, and CTS; and (4) the number of intrastate conversation minutes for traditional TRS, STS, and CTS. If the contractual per-minute compensation rate does not include all of the costs paid by the state to the provider for the relay service, the state should also list other amounts paid to the provider during the relevant calendar year. All information submitted will be considered by RLSA to be confidential.

The intrastate minutes also include allocated 800-number, 900-number, and inbound two-line CTS minutes allocated as intrastate minutes (FCC DA 08-1476 ¶15). These allocated intrastate minutes must be included in the MARS calculation to ensure the rate reflects all intrastate minutes compensated by the states.

Completing the “Rate and Demand Worksheet”

Per the Commission Report and Order FCC 07-186, each state TRS administrator and each provider of interstate TRS and STS is to provide the following data for the previous calendar year: per-minute compensation rates for intrastate traditional TRS and STS; whether the rate applies to session minutes or conversation minutes; the number of intrastate session minutes for traditional TRS and STS; and the number of intrastate conversation minutes for traditional TRS and STS.

Per the Commission Report and Order FCC 07-186, each state administrator and each provider of CTS is to provide the following data for the previous calendar year: per-minute compensation rates for intrastate CTS; whether the rate applies to session minutes or conversation minutes; the number of intrastate session minutes for CTS; and the number of intrastate conversation minutes for CTS.

Header Instructions:

1. **Jurisdiction:** Enter the two character abbreviation for the state or territory being reported (such as “PR”, “VI”, “DC”, etc.).
2. **Prepared By:** Enter the name of the person responsible for the content of this report.
3. **Telephone:** Enter the telephone number, including an extension if appropriate, of the person named in step 2.
4. **Email Address:** Enter the email address of the person named in step 2.

Column Instructions: (Note that the jurisdiction column will complete automatically once a service type and provider have been entered.)

1. **Service Type:** Select the service type using the drop down list or type "TRS", "STS" or "CTS".
2. **Provider:** Enter the name of the service provider.
3. **Rate Start Date:** Enter a valid date including month, day and year when the contract rate became effective (such as "3/1/2006"). Note: Only rates that were in affect at some point during 2016 are to be reported.
4. **Rate End Date:** Enter a valid date including month, day and year when the contract rate terminates (such as "9/30/2016"). Note: Only rates that were in affect at some point during 2016 are to be reported.
5. **Conversation Rate:** Enter the per-minute compensation rate when the compensation rate is based upon actual intrastate conversation minutes (such as "4.52"). The currency format is already configured within the form and therefore, a dollar sign should not be typed.
6. **Session Rate:** Enter the per-minute compensation rate when the compensation rate is based upon actual intrastate session minutes (such as "4.52"). The currency format is already configured within the form and therefore, a dollar sign should not be typed.
7. **Conversation Minutes:** Enter the total intrastate conversation minutes for the period in which the rate was effective during the calendar year 2016.
8. **Session Minutes:** Enter the total intrastate session minutes for the period in which the rate was effective during the calendar year 2016.

Additional Cost Paid to the Provider

Please identify any incentives or services that were paid to a TRS provider during calendar year 2016 in addition to the payments reported on the "rate and demand" worksheet.

Column Instructions: (Note that the jurisdiction column will complete automatically once a service type and provider have been entered.)

1. **Provider:** Enter the name of the service provider.
2. **Service Type:** Select the service type using the drop down list or type either "TRS", "STS" or "CTS".
3. **Rate Start Date:** Enter a valid date including month, day and year when the rate being reported began (such as "3/1/2006").

4. **Rate End Date:** Enter a valid date including month, day and year when the rate being reported terminates (such as "9/30/2016").
5. **Amount:** Enter the amount of additional payments to the provider. The currency format is already configured within the form and therefore, a dollar sign should not be typed.
6. **Description:** Describe the type of cost or incentive paid to the provider.

Questions:

Q: My state is somewhat unique among states as we pay a monthly TRS rate based on center operating costs, not a per minute compensation rate as requested. How do I best capture that information on the form for you to use?

A: Do not complete the rate portion of the "rate and demand" form because it obviously does not apply to this situation. We are also interested in the amount of TRS demand in the prior year, so please enter the number of minutes, if possible.

In the form, "Add. Cost Paid to Provider", please complete this form. In the "amount" column, enter the annual amount paid to the provider. However, if the rate was established for a portion of the year, enter the amount paid for that portion. Indicate in the rate start and end date columns, the portion of the year that the rate was in effect. Use a separate row each time the rate changed.

Q: Our rate for STS is included in the monthly TRS rate. Do I list STS on the form separately, or note that the monthly TRS rate includes STS in the "provider" column?

A: In the "description" column, explain how the compensation is determined. If STS and TRS are combined, indicate that. Do not try to make an artificial separation of the payments if there is no basis for the separation. However, if you know the costs for TRS separately from the costs of STS, you can provide that information in the description column.

Interstate TRS Fund

[illegible]

Interstate TRS Fund **2016 Annual TRS Provider Data Request Filing Instructions**

Filing Requirements / Schedule / File Preparation

Forms required of all providers:

- Basics
- Intrastate Rate and Minute Data for MARS Methodology

Forms to be completed as appropriate:

- Additional Provider-Paid Costs,
- Additional Costs Paid to Provider
- Video Relay Services Expense and Capital Investments Data
- IP Services Expense and Capital Investments Data
- Annual IP and VRS Demand Data

Filing deadline:

All forms must be uploaded to the Rolka Loubé secure FTP portal **on or before February 20, 2017.**

Naming your file:

Each Excel workbook must be saved and submitted as a whole collection of completed data forms using this filing naming template: **xxxxxx_2016_Annual_v.xlsx** or **xxxxxx_2016_Annual_v_cccc.xlsx**

xxxxxx Represents the 6 digits of the provider's filer ID

v Represents a single digit for the version of the filing. The first filing submitted for the carrier should be 0. **If the file is being replaced for some reason, increment by 1 each time a replacement file is created for submission.**

cccc OPTIONAL: Represents a variable length text string to identify the name of a subcontractor for which the workbook reports data. Spaces are acceptable but some special characters are not. Normal file naming character selections/restrictions apply. Subcontractor data should be compiled and supplied separately from data directly related to the certified provider responsible for responding to this data request. If subcontractor data is supplied, a separate text file should be prepared

and submitted which shall contain an index to identify subcontractor's full name if an abbreviation is used within the workbook's file name. That index file should be named using the format **xxxxxx_2016_Annual-Index_v.txt**.

General Information

On November 19, 2007, the Commission released a Report and Order (FCC 07-186) adopting new cost recovery methodologies for the various forms of TRS. The Order also clarified the nature and extent that certain categories of costs are compensable from the Fund.

The Order also provided that:

- Indirect overhead costs are not reasonable costs of providing TRS. Appropriate overhead costs are those costs directly related to, and directly support, the provision of relay service. Indirect overhead costs may not be allocated to TRS by an entity that provides services other than TRS based on the percentage of the entity's revenues that are derived from the provision of TRS. (FCC 07-186, ¶¶74-75).
- Start-up expenses are compensable, but must be amortized in accordance with generally accepted accounting rules (FCC 07-186, ¶¶76-77).
- All costs submitted must directly support the provision of relay service (FCC 07-186, ¶¶75).
- Reasonable executive compensation for persons who directly support the provision of TRS is compensable from the Fund (FCC 07-186, ¶¶79). For example, if executives of a company that provides a variety of services in addition to TRS do not personally work on TRS issues, no part of their salaries can be included in the company's TRS cost submission (FCC 07-186, ¶¶75).
- Financial transaction costs or fees unrelated to the provision of relay service are not compensable as reasonable costs of providing service. Such costs include costs and fees relating to a change in ownership of the entity providing relay service, the sale of the entity, the spinoff of part of the entity, or any other transaction directed at the ownership, control, or structure of the relay provider (FCC 07-186, ¶¶80).
- Costs attributable to relay hardware and software used by the consumer, including installation, maintenance costs, and testing are not compensable from the Fund. Compensable expenses do not include expenses for customer premises equipment – whether for the equipment itself, equipment distribution, or installation of the equipment or necessary software (FCC 07-186, ¶¶82). Any information requested is for informational purposes only.

- Do not include profit or tax allowances in expenses. (FCC 04-137, ¶179-182)
- Only expenses to meet the non-waived mandatory minimum standards should be included. (FCC 04-137, ¶188-190)
- Capital investment data, if applicable, must be submitted by service. (FCC 04-137, ¶177-182)
- If depreciated expenses are reported, the year end net book value of the capital investment from which depreciation was computed must be reported in Section F.
- STS providers must include a report detailing specific outreach efforts directly attributable to the additional support for STS outreach
- The following costs are not compensable from the fund:
 - Costs associated with an Internet-based TRS consumers' acquisition of a ten-digit geographic telephone number
 - Costs associated with an Internet-based consumers' acquisition and usage of a toll free telephone number
 - E911 charges imposed on TRS providers under a state or local E911 funding mechanism. (FCC 08-275, ¶47-56)

All reasonable expenses of providing eligible relay services, whether as part of a state-contracted service or a stand-alone service, are reportable.

Completing the 'Basics' Worksheet

1. **ID & Provider Name:** In the first white box, select your company name from the drop down list.
2. **Contact Name:** Enter the name of the person who prepared the reported information. This person will be contacted by RLSA if there are any questions or problems with the submission.
3. **Contact Email Address:** Enter the email address of the person identified in step 2.
4. **Contact Telephone:** Enter the telephone number of the person identified in step 2, including area code and any appropriate extension number.
5. **Explanation of Changes:** In the next box, enter, as per the on-form instructions, details about changes since your last filing and/or plans for change for the upcoming tariff year 2017-2018 (July – June).

Completing the 'Rate and Minute Data' Worksheet

Per the Commission Report and Order FCC 07-186, each provider of interstate TRS and STS is to provide the following data for the previous calendar year: per-minute compensation rates for intrastate traditional TRS and STS; whether the rate applies to session minutes or conversation minutes; the number of intrastate session minutes for traditional TRS and STS; and the number of intrastate conversation minutes for traditional TRS and STS.

Column Instructions:

1. **Provider:** This information will automatically be populated with the provider's 6-digit ID selected within the Basics sheet after the Service Type and the Jurisdiction columns are completed.
2. **Service Type:** Either select the service type using the drop down list or type either "TRS", "STS" or "CTS".
3. **Jurisdiction:** Enter the appropriate state or territory (such as "Puerto Rico", "PR", "VI", "Guam", etc.)
4. **Rate Start Date:** Enter a valid date including month, day and year when the contract being reported began (such as "3/1/2006").
5. **Rate End Date:** Enter a valid date including month, day and year when the contract being reported terminates (such as "9/30/2016").
6. **Conversation Rate:** Enter the per-minute compensation rate when the compensation rate is based upon actual intrastate conversation minutes (such as "4.52"). The currency format is already configured within the form and therefore, a dollar sign should not be typed. If the compensation is not per minute, record the compensation information in the form "Additional Costs Paid to Provider".
7. **Session Rate:** Enter the per-minute compensation rate when the compensation rate is based upon actual intrastate session minutes (such as "4.52"). The currency format is already configured within the form and therefore, a dollar sign should not be typed. If the compensation is not per minute, record the compensation information in the form "Additional Costs Paid to Provider".
8. **Conversation Minutes:** Enter the total intrastate conversation minutes for the period in which the rate was effective during the calendar year 2016.
9. **Session Minutes:** Enter the total intrastate session minutes for the period in which the rate was effective during the calendar year 2016.

Completing the 'Additional Provider-Paid Costs' Worksheet

Please identify any incentives or services that the TRS provider paid for or provided, during calendar year 2016, that the state was not required to pay for.

Column Instructions:

1. **Provider:** This information will automatically be populated with the provider's 6-digit ID selected within the Basics sheet after the Service Type and the Jurisdiction columns are completed.
2. **Service Type:** Either select the service type using the drop down list or type either "TRS", "STS" or "CTS".
3. **Jurisdiction:** Enter the appropriate state or territory (such as "Puerto Rico", "PR", "VI", "Guam", etc.)
4. **Rate Start Date:** Enter a valid date including month, day and year when the contract being reported began (such as "3/1/2006").
5. **Rate End Date:** Enter a valid date including month, day and year when the contract being reported terminates (such as "9/30/2016").
6. **Amount:** Enter the amount of provider-paid costs. The currency format is already configured within the form and therefore, a dollar sign should not be typed.
7. **Description:** Describe the type of cost or incentive paid for by the provider.

Completing the 'Additional Costs Paid to Provider' Worksheet

If the contractual per-minute compensation rate does not include all the costs paid by the state to the provider for the relay service, enter amounts paid to the provider during 2016.

Column Instructions:

1. **Provider:** This information will automatically be populated with the provider's 6-digit ID selected within the Basics sheet after the Service Type and the Jurisdiction columns are completed.
2. **Service Type:** Either select the service type using the drop down list or type either "TRS", "STS", "CTS", "IPCTS", "IP" or "VRS".

3. **Jurisdiction:** Enter the appropriate state or territory (such as “Puerto Rico”, “PR”, “VI”, “Guam”, etc.)
4. **Rate Start Date:** Enter a valid date including month, day and year when the contract being reported began (such as “3/1/2006”).
5. **Rate End Date:** Enter a valid date including month, day and year when the contract being reported terminates (such as “9/30/2016”).
6. **Amount:** Enter the amount of payments for 2016. The currency format is already configured within the form and therefore, a dollar sign should not be typed.
7. **Description:** Describe the type of payment by the provider for 2016.
8. **Source:** Identify the entity that provided the payment to the provider.

Completing the ‘Video Relay Services Expense and Capital Investments Data’ Worksheet

Include claimed expenses attributable to providing Video Relay Services as required under Part 64 of the FCC rules, such as gathering traffic, the center itself, and handing off calls to the interexchange carrier. When reporting expenses, report all amounts in whole dollars. For the four columns: 2015, 2016, 2017 and 2018 , enter Actual or Projected amounts as requested. All amounts should be traceable to the company’s trial balance. **Provide all spreadsheets used to allocate cost among the TRS services. *** See Appendix 1, Section A for further instructions *****

Annual Recurring Fixed/Semi-Variable Expenses see Appendix 1. Submit all expenses associated with building rent, utilities, maintenance, property tax, and leased furniture and office equipment. The total submitted should tie to the category expenses in the Appendix H, Section 1, income statements. E.g. A1 rent for the VRS RSDR submission should tie to the A1 rent expense VRS column in the income statements.

1. **Rent:** Annual payments solely for land and/or buildings rented for the provision of Video Relay Services.
2. **Utilities:** Expenses associated with land and buildings used for the provision of VRS, such as water, sewerage, fuel, T1, trunk lines, internet connectivity, internet service, VoIP service, and power. Telephone service expenses, such as center toll free numbers, local and foreign exchange should also be included here. **Also see ITEM B. 4.**

3. **Building Maintenance:** Expenses for maintenance and repair used for the provision of VRS.
4. **Property Tax (if owned):** Taxes paid on property owned and used for the provision of VRS.
5. **Furniture (if leased):** Lease or rental expenses associated with center furnishings used for the provision of VRS.
6. **Office Equipment (if leased):** Lease or rental expenses associated with office equipment used for the provision of VRS.

B. Annual Recurring Variable Expenses (Direct VRS Operating Expenses)

1. **Salaries and Benefits:** Compensation to ***non-management employees (persons performing communications assistant and interpreter activities)***, such as wages, salaries, commissions, bonuses, incentive awards and termination payments; payroll related benefits paid on behalf of employees, such as pensions, savings plans, workers' compensation required by law, insurance plans (life, hospital, medical, dental, vision); and social security and other payroll taxes. **Included in this expense is the cost of "contract interpreters and/or communication assistants" who are not employees.** **ADDITIONAL DATA REQUIRED – see Appendix 1**
2. **Salaries and Benefits:** Compensation to ***management employees (relay center managers & supervisors)***, such as wages, salaries, commissions, bonuses, incentive awards and termination payments; payroll related benefits paid on behalf of employees, such as pensions, savings plans, workers' compensation required by law, insurance plans (life, hospital, medical, dental, vision); and social security and other payroll taxes. **ADDITIONAL DATA REQUIRED – see Appendix 1** See discussion of executive compensation at paragraphs 78-79 of the Commission's Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).
3. **Salaries and Benefits:** Compensation to ***relay center staff***, such as wages, salaries, commissions, bonuses, incentive awards and termination payments; payroll related benefits paid on behalf of employees, such as pensions, savings plans, workers' compensation required by law, insurance plans (life, hospital, medical, dental, vision); and social security and other payroll taxes. **ADDITIONAL DATA REQUIRED – see Appendix 1**
4. **Telecommunications Expenses:** Expenses associated with inspecting, testing, analyzing and correcting trouble; repairing or reporting on telecommunications plant (switching, transmission, operator, cable and wire) to determine need for repairs, replacements, rearrangements, and changes; expenses for activities, such as controlling traffic flow, administering traffic

measuring and monitoring devices, assigning equipment and load balancing, collecting and summarizing traffic data, administering trunking equipment and facilities, automatic call distributor and assigning interoffice facilities and circuit layout work. **Note: expenses reported here are in addition to the telephone service expenses reported in Section A 2.**

5. **Billing Expenses:** Rating of toll messages and billing functions not recovered from other sources.
6. **Relay Center Expenses:** Expenses not included in other accounts, such as providing food services, libraries, archives, mail service, procuring office equipment, office supplies, materials and repairs.

C. Annual Administrative Expenses

Indirect overhead costs are not reasonable costs of providing TRS. Appropriate overhead costs are those costs directly related to, and directly support, the provision of relay service. Indirect overhead costs may not be allocated to TRS by an entity that provides services other than TRS based on the percentage of the entity's revenues that are derived from the provision of TRS. (FCC 07-186, ¶¶74-75).

1. **Finance/Accounting:** Expenses incurred in providing accounting and financial services. Accounting services include payroll and disbursements, property accounting, capital recovery, regulatory accounting, tax accounting, auditing, capital and operating budget and control, and general accounting. Financial services include banking operations, cash management, and benefit investment fund management, etc. **ADDITIONAL DATA REQUIRED - see Appendix 1**
2. **Legal/Regulatory:** Expenses incurred for legal and regulatory services. Legal services include conducting and coordinating litigation, providing guidance on regulatory and labor matters, court expenses, filing fees, cost of counsel, etc. Regulatory services include preparing and presenting information for regulatory purposes, such as responding to this data request. **ADDITIONAL DATA REQUIRED - see Appendix 1**
3. **Engineering:** Expenses incurred in the general day to day engineering operation of the TRS telecommunications plant and /or IP network to meet applicable non-waived mandatory minimum standards. **ADDITIONAL DATA REQUIRED see Appendix 1**
4. **Research and Development:** Expenses incurred for R&D required to meet applicable non-waived mandatory minimum standards. **ADDITIONAL DATA REQUIRED – see Appendix 1**
5. **Operations Support:** Expenses that ensure the sustainability of service including troubleshooting, customer service and technical support. **ADDITIONAL DATA REQUIRED – see Appendix 1**

6. **Human Resources:** Expenses incurred in performing personnel administration activities, including recruiting, hiring, forecasting, planning, training, scheduling , counseling employees and reporting. **ADDITIONAL DATA REQUIRED – see Appendix 1**
7. **Billing:** Administrative expenses of rating and providing billing information to interexchange and exchange carriers, if not recovered by other means. **ADDITIONAL DATA REQUIRED - see Appendix 1**
8. **Contract Management:** Expenses of managing activities required by the provider contracts. **ADDITIONAL DATA REQUIRED – see Appendix 1**
9. **Risk Management:** Management expenses associated with workmen's compensation, payments in settlement of accident and damage claims, insurance premiums against losses and damages, sickness and disability payment, etc.
10. **Other Corporate Overhead:** Other administrative expenses of providing TRS not included in previous categories. All costs over \$10,000 should be itemized. **ADDITIONAL DATA REQUIRED – see Appendix 1** See discussion of overhead costs at paragraphs 74-75 of the Commission's Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).

D. Annual Depreciation / Amortization Associated with Capital Investment

Depreciation listed in this section MUST tie to the capital investment reported in Section F.

1. **Furniture & Fixtures:** Depreciation expense on furniture and/or fixtures. **ADDITIONAL DATA REQUIRED – see Appendix 1**
2. **Telecommunications Equipment:** Depreciation expense associated with capitalized expenses of telecommunications equipment including switching equipment, operator services equipment, cable and wire facilities, transmission equipment, and power equipment. **ADDITIONAL DATA REQUIRED – see Appendix 1**
3. **Leasehold:** Amortization of leasehold improvements – improvements which become a permanent part of a building, like walls or carpeting. **ADDITIONAL DATA REQUIRED – see Appendix 1**
4. **Software:** Amortization expenses associated with capitalized software.
5. **Other Capitalized:** depreciation expense not accounted for in other categories. **ADDITIONAL DATA REQUIRED – see Appendix 1**

E. Other Expenses

1. **Marketing/Advertising: Advertising:** is a form of communication intended to persuade an audience (viewers, readers or listeners) to purchase or take some action upon products, ideas, or services. It includes the name of a product or service and how that product or service could benefit the consumer, to persuade a target market to purchase or to consume that particular brand. These messages are usually paid for by sponsors and viewed via various media. Marketing is the wide range of activities involved in making sure that you're continuing to meet the needs of your customers and getting value in return. Marketing activities include "inbound marketing," such as market research to find out, for example, what groups of potential customers exist, what their needs are, which of those needs you can meet, how you should meet them, etc. Inbound marketing also includes analyzing the competition, positioning your new product or service (finding your market niche), and pricing your products and services. "Outbound marketing" includes promoting a product through continued advertising, promotions, public relations and sales. Marketing/Advertising expenditures by the provider to persuade users to choose their particular relay service over that of other relay service providers. **All costs over \$10,000 should be itemized.** The cost of equipment given to, sold to, and/or used by relay callers, and call incentives are NOT to be reported as expenses. **ADDITIONAL DATA REQUIRED – see Appendix 1.** See discussion at paragraph 82, Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).
2. **Outreach:** Outreach is an effort by individuals in an organization or group to connect its ideas or practices to the efforts of other organizations, groups, specific audiences or the general public. Unlike marketing, outreach does not inherently revolve around a product or strategies to increase market share. Typically non-profits, civic groups, and churches engage in outreach. **ADDITIONAL DATA REQUIRED – see Appendix 1.** See discussion at paragraph 82, Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).
3. **Sub Contactor:** 3rd party costs associated with a contract to provide IP and VRS services. Do not include profit or tax allowances of sub-contractor. **ADDITIONAL DATA REQUIRED – see Appendix 1**
4. Software Expense
5. Customer Premise Equipment Expense **ADDITIONAL DATA REQUIRED – see Appendix 1**
6. Other: Expenses not previously reported. **ADDITIONAL DATA REQUIRED – see Appendix 1**

F. Capital Investments

Please provide the year end net book value of capital investments by categories listed in Section F from which the depreciation expenses in Section D was calculated.
ADDITIONAL DATA REQUIRED – see Appendix 1

G. Costs Associated with E911 and Numbering for Internet-Based Telecommunications Relay Services

Costs may be submitted for:

“those additional costs incurred by a provider that directly relate to (1) ensuring that database information is properly and timely updated and maintained; (2) processing and transmitting calls made to ten-digit numbers assigned pursuant to this Order; (3) routing emergency calls to an appropriate PSAP; (4) other implementation related tasks directly related to facilitating ten-digit numbering and emergency call handling; and (5) consumer outreach and education related to the requirements and services adopted in this Order” (FCC 08-151¶100).

The following costs are not compensable from the fund: (A) Costs associated with an Internet-based TRS consumers’ acquisition of a ten-digit geographic telephone number (B) costs associated with an Internet-based consumers’ acquisition and usage of a toll free telephone number (C) E911 charges imposed on TRS providers under a state or local E911 funding mechanism. (FCC 08-275, ¶47-56). Do not include these costs. Do not include costs already included in the per minute IP and VRS compensation rate calculated pursuant to the Commission's rules.

Completing the ‘IP-Relay Services Expense and Capital Investments Data’ Worksheet

Include reasonable expenses attributable to providing IP Relay as required under Part 64 of the FCC rules, such as gathering traffic, the center itself, and handing off calls to the carrier. When reporting expenses, please report all amounts in whole dollars. **Follow the same instructions for Sections A through G as listed above in Video Relay Services Expense and Capital Investments Data except substitute IP-Relay expenses and capital investments for VRS.**

Completing the ‘IP-CTS Services Expense and Capital Investments Data’ Worksheet

Include reasonable expenses attributable to providing IP CTS as required under Part 64 of the FCC rules, such as gathering traffic, the center itself, and handing off calls to the carrier. When reporting expenses, please report all amounts in whole dollars. **Follow the same instructions for Sections A through G as listed above in**

Video Relay Services Expense and Capital Investments Data except substitute IP-CTS expenses and capital investments for VRS.

Completing the ‘Annual IP-Relay, IP-CTS and VRS Demand Data’ Worksheet

All minute data should be reported in conversation minutes. Conversation minutes are measured in terms of conversation time, i.e., from calling party connection to called party to the disconnect of both parties. Do not include time for call set-up, call ringing, waiting for an answer, calls that reach busy numbers or receive no answers, and call wrap-up. 2015 and 2016 minutes should be actual conversation minutes. Minutes for 2017 and 2018 should be projected conversation minutes by month. The projected minutes should reflect reasonable growth rates and include other considerations that might increase or decrease the minutes handled by a center, such as adding a new state to a center. Include a description of the methodology used to determine the projected minutes for 2017 and 2018.

APPENDIX 1 For IP, IP-CTS and VRS

This Appendix applies to each service separately.

SECTION A: Annual Recurring Fixed/Semi-Variable Expenses

For Section “A” expenses that are provisioned jointly with the expenses for other telecommunications relay services, provide the total company expenses, a description of how the total expenses are allocated among the TRS services and between TRS and Non-TRS services, and the percent allocation for each service. For example, a building lease could be allocated based on the relative square feet of the building used to provide the services. Include a spreadsheet that documents the allocation. All relationships and equations in the spreadsheet should be active. Do not copy and paste special any data.

SECTION B: Annual Recurring Variable Expenses

1. Salaries and Benefits

- a) Provide a detailed schedule of the number of full-time employees or part-time equivalent employees – **Non-management (persons performing communications assistant and interpreter activities)**, their job title and job

description and the components of their compensation, including salaries and benefits. This includes the cost of contract interpreters and/or communication assistants. The schedule should tie to the actual and projected amounts for 2015-2018. Please provide data for each center and job title and job description for each employee classification. Number of employees should be the average for the year.

Please provide data for each center. This should be the average for the year, not year-end numbers.

- b) Provide a detailed schedule of the occupancy and utilization percentages used to develop the number of employees required to meet call volumes. The schedule should tie to the schedule requested in A above.

Occupancy Percentage = # of minutes a CA/Interpreter is occupied processing a call(including set-up, wrap-up) / # of available minutes (payroll time). Provide the numerator and the denominator data separately.

Utilization Percentage = # of conversation minutes (does not include set-up, wrap-up) / # of minutes a CA/Interpreter is occupied processing a call(including set-up, wrap-up). Provide the numerator and the denominator data separately.

Please also include information on the normal workday length and the amount of time CAs/interpreters are at their desks waiting to take calls (available/payroll time minus lunch, breaks, vacation).

- c) Provide the speed of answer you are staffing to meet for each center. This should be the average for the year, not year-end data.
 - 1. Number of communication assistant and interpreter seats at each call center
 - 2. Number of call centers
 - 3. Average hourly salary for communication assistants and interpreters
 - 4. Provide fully loaded CA costs including labor, facilities and CA direct G&A
- 2. Salaries and Benefits Provide a detailed schedule of the number of employees – Management employees (relay center managers & supervisors), their job titles, description, and the components of their compensation, including salaries and benefits. The schedule should tie to the actual and projected demand for 2015 - 2018. Please provide data for each center and job title and job description for each employee classification. See discussion of executive compensation at paragraph 75, 78-79 of the Commission's Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186). Number of employees should be the average for the year.
- 3. Salaries and Benefits Provide a detailed schedule of the number of employees – Relay Center Staff (clerical staff and others who perform non communications assistant and interpreter activities), their job title and job description and the components of their compensation, including salaries and benefits. The

schedule should tie to the actual and projected demand for 2015-2018. Please provide data for each center, job title and job description for each employee classification. Number of employees should be the average for the year.

4. Provide a schedule of telecommunications expenses for each call center. Include the vendor, a description of the good or service and the amount.
5. Provide a schedule of the billing expenses for each call center. If billing is performed in-house, provide the work hours required. If billing is provided by a vendor, include the vendor, a description of the good or services and the amount.
6. Provide a schedule of relay center expenses for each call service. Include the vendor, a description of the good or service and the amount.

SECTION C: Annual Administrative Expenses

1. Finance/Accounting

- a) Provide a detailed schedule of the number of employees, job title, job description, and the components of their compensation, including salaries and benefits. Number of employees should be the average for the year.
- b) Provide a schedule of other expenses incurred in providing accounting and financial services. Include the vendor, a description of the good or service and the amount.

2. Legal/ Regulatory

- a) Provide a detailed schedule of the number of employees, job title, job description, and the components of their compensation, including salaries and benefits. Number of employees should be the average of the year.
- b) Provide a schedule of other expenses incurred in providing legal services and a description of those expenses. Include the vendor, a description of the good or service and the amount.

3. Engineering (day to day operations)

- a) Provide a detailed schedule of the number of employees, their job title, job description and the components of their compensation, including salaries and benefits. Number of employees should be the average for the year.
- b) Describe Engineering activities and explain how it relates to meeting the non - waived mandatory minimum standards. (See FCC 04-137, ¶ 188-190)

4. Research and Development

- a) Provide a detailed schedule of the number of employees, job title, job description, and the components of their compensation, including salaries and

benefits. Number of employees should be average for the year. Provide a break down based on platform, software and customer premise equipment.

- b) Provide a schedule of other expenses incurred in providing research and development services and a description of those expenses. Include the vendor, a description of the good or service and the amount.
- c) Describe each TRS related Research and Development project and explain how it relates to meeting the non -waived mandatory minimum standards. (See FCC 04-137, ¶ 188-190)

5. Operations Support

- a) Provide a detailed schedule of the number of employees, job title, job description, and the components of their compensation, including salary and benefits. Number of employees should be the average for the year.
- b) Provide a schedule of other expenses incurred in providing research and development services and a description of those expenses. Include the vendor, a description of the good or service and the amount.

6. Human Resources

- a) Provide a detailed schedule of the number of employees, job title, job description, and the components of their compensation, including salaries and benefits. Number of employees should be the average for the year.
- b) Provide a schedule of other expenses incurred in providing research and development services and a description of those expenses. Include the vendor, a description of the good or service and the amount. This includes forecasting, planning, recruiting and reporting.

7. Billing

- a) Provide a detailed schedule of the number of employees, job title, job description and the components of their compensation, including salaries and benefits. Number of employees should be the average for the year.
- b) Provide other administrative expenses incurred in rating and providing billing information to exchange and interexchange carriers if not recovered by other means.

8. Contract Management

- a) Provide a detailed schedule of the number of employees, job title, job description, and the components of their compensation, including salaries and benefits. Number of employees should be the average for the year.

- b) Provide a schedule of managing activities required by provider contract and a description of those activities. Include vendor, a description of service or good and the amount

9. Risk Management (No additional information is needed)

10. Other Corporate Overheads

- a) Provide a detailed schedule of the number of employees, job title, job description and the components of their compensation, including salaries and benefits. Number of employees should be average for the year.
- b) Itemize any costs over \$10,000. See discussion of overhead costs at paragraphs 74-75 of the Commission's Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).

SECTION D: Annual Depreciation/Amortization Associated with Capital Investment

Depreciation method and period applied should be included. Departures from traditional depreciation methods should be explained in detail. We emphasize that the depreciable life, depreciation method, and depreciation expense must be categorized by items listed in Section D.

SECTION E: Other Expenses

1. Marketing/Advertising Expenses

- a) Provide a detailed schedule of the number of employees, job title, job description and the components of their compensation, including salaries and benefits. This includes product management expenses associated with managing product lifecycle. Number of employees should be the average of the year.
- b) Provide a schedule of expenses for marketing/advertising. Include the vendor, a description of the good or service and the amount.
- c) Do not report the cost of equipment given to, sold to, and/or used by relay callers, and call incentives in any expenses.
- d) Do not report expenses associated with installation and training on the equipment.

2. Outreach Expenses

- a) Provide a detailed schedule of the number of employees, job title, job description, and the components of their compensation, including salaries and benefits. Number of employees should be the average for the year.

- b) Provide a schedule of expenses for outreach. Include the vendor, a description of the good or service and the amount.
 - c) Do not report the cost of equipment given to, sold to, and/or used by relay callers, and call incentives in any expenses.
 - e) Do not report expenses associated with installation and training on customer premises' equipment. See discussion of at paragraph 82 and Declaratory Ruling at paragraphs 89-94 of the Commission's Report and Order and Declaratory Ruling , released on November 19, 2007 (FCC 07-186).
3. Sub Contractor Expenses
- a) Provide a schedule of sub-contractor expenses. Include the vendor, RSDR category of expense, a description of the good or service and the amount.
4. Software (No additional information is needed)
5. Customer Premise Equipment
- a) Provide a detailed schedule of the number of employees, job title, job description and the components of their compensation, including salaries and benefits. Number of employees should be the average for the year.
 - b) Provide the number of Customer Premise Equipment units sold, produced and installed.
 - c) Provide the Cost of Goods Sold.
6. Other - Do not include "Profit or Tax Allowances". List and explain expenses not stated in other categories.

SECTION F: Capital Investments

- a) Support data for capital investment should include where appropriate, among other things: all capital equipment purchased in order to provide each form of TRS, itemized by equipment class, gross book values, accumulated depreciation, and net book values. Only report the year end net book value in Section F.
- b) Support data for VRS equipment should separately identify investments used by communications assistants and interpreters to interact with end-users, and equipment used to monitor and supervise call centers.
- c) For each type of equipment provide gross book values, accumulated depreciation and net book values.
- d) For equipment used to monitor and supervise call centers that provide multiple TRS services, provide the total company investments, describe how total investments are allocated among the services, and the percent allocation for each service.

- e) Only include capital investment items that are long term in nature and subject to depreciation. Items such as office supplies should be listed in Section B. 6. Relay Center Expenses.

SECTION G: Costs Associated with E911 and Numbering for Internet-Based Telecommunications Relay Services

Provide the total number of E911 calls handled for the years 2015 – 2016.

SECTION H: Financial Data (This information should be supplied at the provider level rather than for the each individual service)

1. Provide the corporate income statement and balance sheet for the entity for 2015 and 2016.
2. Provide a supporting schedule that ties to the income/balance sheet and contains the following information:
 - a. A column for each TRS service and a column for other that contains the non-TRS service amount.
 - b. Rows for each of the categories of expense that were submitted with the data submission under sections A through G.
 - c. An explanation of the services provided related to the amounts in the other column.
3. Please provide the state corporate income tax rates for each state applicable where you provide VRS, IP-Relay or IP-CTS service. If any state does not have a corporate income tax, please indicate that the rate does not exist.
4. Please provide a list of all debt instruments, where debt instruments include: notes, bonds, loans, commercial paper and similar financial obligations.
5. For each listed debt instrument, please provide:
 - a. The balance as of December 31, 2016.
 - b. The expected balance as of April 30, 2017
 - c. The interest rate
 - d. Interest paid in 2015
 - e. Interest paid in 2016
 - f. Estimated interest payments in 2017
 - g. Estimated interest payments in 2018
 - h. Principal payments in 2015.
 - i. Principal payments in 2016.
 - j. Estimated principal payments in 2017
 - k. Estimated principal payments in 2018
 - l. Maturity date

- m. An explanation of any covenants associated with the debt instrument
 - n. The metric associated with the covenant, for example, an interest coverage ratio of 3.
 - o. 2016 performance regarding the metric, for example, in 2016 the actual interest coverage ratio was 4.3.
6. Provide any lead-lag study or any other study that would support a working capital requirement performed by or for the provider.

Interstate TRS Fund

Annual Provider Information

Rolka Loube

Provider Name	
Contact Name	
Contact Email Address	
Contact Telephone	
For signature at the bottom of this form:	
Senior Officer Name	
Senior Officer Title	

To assist RolkaLoube in understanding your data, in the box below, please summarize any service changes/activities/improvements since the 2015-2016 filing, or planned for tariff year 2017-2018 (July thru June), that caused/may cause substantial changes in cost and/or demand data. Include the methodology used to determine the projected minutes for calendar years 2017 and 2018. Examples: addition of a state; loss of a state contract; increase in volumes due to specific outreach program; call volume decrease due to use of internet or other non-TRS technology; decrease in minutes due to new, time saving technology; changes in volumes due to abnormal weather conditions; etc. Include any characteristics unique to a particular service or changes in the relay services marketplace as a whole.

--

Should you have questions about completing or submitting these forms, please see the filing instructions.

I swear under penalty of perjury that I am _____, _____, an officer of the above-named reporting entity and that I have examined the foregoing reports and that all requested information has been provided and all statements of fact, are true and accurate.

Signature

Date

**Advisory Council Membership
Spring 2017**

Appendix C

Office			Officer			
#	Representing	SEAT	NAME	TITLE	EMPLOYER	ADDRESS
1	Deaf and Hard of Hearing Community	Community #1	Al Sonnenstrahl	Consultant	Sonny Access Consulting, Rockville, MD	10910 Brewer House Road Rockville, MD 20852-3463
2		Community #2	Shannon Smith	Director of Accessibility & Human Resources	Teltex	1081 West Innovation Drive Kearney, MO 64060
3	Hearing/Speech Disability Community	Consumer #1	Beverly Jo (B.J.) Gallagher		The Gallagher Group, LLC	150 Glen Acres Road Swanton, MD 21561
4	TRS Users	TRS Users #1	Ron Bibler (Vice Chair)	Council Secretary	Bibler Financial Group	600 Central Plaza, Suite 412 Great Falls, MT 59401
5		TRS Users #2	Zainab Alkebsi, Esq	Policy Council	Law and Advocacy Center National Association of the Deaf	8630 Fenton Street, Suite 820, Silver Spring, MD 20910-3819
6	State Regulatory	State Reg #1	Sarah Hoffman	Board Member	Vermont Public Service Board	112 State Street - 4th Floor Montpelier, VT 05620-2701
7		State Reg #2	Tim Schram	Commissioner	Nebraska Public Service Commission	300 The Atrium 1200 N Street Lincoln, NE 68508-2020
8	State Regulatory Relay Administration	State Reg Relay Admin #1	Steve Peck	TRS Program Manager	Department of Social Human Services/Office of the Deaf and Hard of Hearing	1115 Washington St. SE M/S 45301 Olympia, WA 98504-5301
9		State Reg Relay Admin #2	Brenda Kelly-Frey	Director MD Relay	State of Maryland, Dept. of Budget & Management	301 W. Preston Street Suite 1008A Baltimore, MD 21201
10	TRS Contributors	TRS Contributors #1	Phillip Hupf	Senior Analyst	Hamilton Telephone	1001 Twelfth Street Aurora, Nebraska 68818
11		TRS Contributors #2	Linda Vandeloop	Ass't VP, Fed Regulatory	AT&T	1120 20th Street, N.W. 10th Floor Washington, D.C. 20036
12	TRS Providers	TRS Providers #1	Jeff Rosen	General Counsel	Convo Communications, LLC	6601 Owens Drive #115 Pleasanton, CA 94588
13		TRS Providers #2	Mark A. Tauscher (Chair)	Mgr Business Development	Sprint	Phoenix, AZ

Interstate TRS Advisory Council
Meeting Minutes for November 3, 2016
Harrisburg, PA

ATTENDEES

Mark Tauscher, Chair, TRS Providers
Ron Bibler, Vice Chair, TRS users
Linda Vandeloop, Secretary, Interstate Telecommunications Providers/Contributors
Honorable Tim Schram, State Representative
Al Sonnenstrahl, Deaf and Hard of Hearing Community
Jeff Rosen, TRS Providers
Brenda Kelly-Frey, State Relay Administration
Phillip Hupf, Interstate Telecommunications Providers/Contributors
Zainab Alkebsi, Deaf and Hard of Hearing Community
Steve Peck, NASRA
B. J. Gallagher, Individuals with Speech Disabilities

RLSA

Dave Rolka
Joy McGrath
Kelly Kern
Andy Morrow
Bob Loube

CONVENE

Chairperson Tauscher greeted audience and called to order the November meeting of the TRS Advisory Council at 9 a.m.

Dave Rolka provided an overview to set the stage for the speakers.

Each year Rolka/Loube, the fund administrator collects cost data to analyze and make a rate recommendation for the upcoming year. The purpose of this meeting is to provoke a discussion of the potential options to present to the FCC. Traditionally the administrator presents options but does not recommend a specific option. The three options currently proposed are 1) freeze the

current rate, 2) rates based on analysis of each provider's cost and 3) rates based on operating ratios – operating expenses to revenue. Operating ratios can be compared over time and among companies and can be used to analyze productivity. The FCC is looking for a market based rate but it is not clear what the market is.

It was noted by one council member that research and development costs are not included in the rate calculation but would like to see them added to insure relay technology keeps up with advancements. Dave Rolka clarified that the FCC rules allow for research and development to meet minimum allowable standards.

A suggestion was made to form a subcommittee to evaluate the costs and make recommendations for model options. Each subcommittee member would sign a non-disclosure and providers would not be eligible to participate on the subcommittee.

Company Presentations

Sorenson - Grant Beckmann

Deaf Americans should continue to receive higher quality video phone service, should have quality interpreters, and should expect choice and competition. VRS has advanced communications beyond the TTY. The glide path order included other reforms. The rate reductions have been implemented but not other things like the user registration data base. Market based rates should be in place by now but they are not. The rates the federal government pays for contracted relay services are three times the rate being paid to providers. These contracts also have additional requirements like speed of answer but also compensate for costs not included in the FCC rate. Sorenson has introduced new video phones and software but those costs were not allowable by the FCC. The other concern is that there is no certainty what the rate will be in the future. The stress of the job coupled with the uncertainty of the viability of the company under the current rate structure makes it difficult to keep high quality interpreters. Interpreters have many other options. Another problem with the current structure is that it punishes providers who get more efficient because they get even less the next year. Sorensen's recommendation is for multiple year rate stability.

Global

Started providing relay services in Spanish and English in 2012 just prior to the reform order. The company still has not seen a profit. There is still investment in technology, including for the deaf blind community, but it is difficult to justify under current rules. Global would like to continue the rate freeze and is comfortable with cost based rates. The concern over market based rates is that they will always be driven by the dominant provider. Global feels it brings value to the industry and some consideration should be given to the lower end of the Tier I range.

ZVRS – Greg Hlibok

Convo, Purple and ZVRS made a tiered rate proposal to the FCC to get the ball rolling on the process to set 2017 rates. The reform order included rate reductions and other initiatives but the initiatives are still pending. It is important to note that the equipment expenses are not covered as part of the rate setting proceeding. Tiers may change. 0 to 500,000 may change to 0 to 1M. The providers need to have some level of stability over the next three years. To address the shrinking contribution base, it should be expanded to include more broadband service. One cost savings measure may be to allow providers to share resources, for example deaf interpreters. If the right personnel were on the call (e.g., skills based routing), the calls would be shorter. Work from home interpreters would also reduce costs. While the Commission may not be willing to provide free equipment, including costs for support of equipment use training and tech support might be reasonable.

Convo – Jeff Rosen

Quality standards for VRS were set 15 years ago. Quality is impacted when rules change. It is not clear if customer experience is part of the commission audits, Convo has provided information about quality from the customers' and the interpreters' points of view to the Commission and to the DAC but have not received any feedback yet. But it is important to look at how the decrease in rates impacts service quality. The telecommunication experience for deaf people has not been on par with hearing people in terms of the number of features. Interoperability among the different products is ha huge challenge and source of frustration for deaf people. Just imagine hearing people having to figure out which phone to use to communicate with another customer who has service from a different provider. Research and development costs need to be addressed. Support for interpreters is an important issue to address. If service quality support mechanisms and training are not in place and compensated, service quality can suffer. Arizona and Texas evaluate interpreters. It may make sense to extend that process to other areas. It is important that the FCC put the process out on public notice so all options can be explored. For now, Convo recommends the status quo for the rate.

Discussion

Council members discussed forming a subcommittee to evaluate the data provided by providers and advise Rolka/Loube on what to recommend to the FCC. Subcommittee members would sign non-disclosure agreements and providers who are members of the Advisory Council could not participate on the subcommittee. If there is not enough time to do all the analysis, the subcommittee could recommend an interim rate freeze. Rolka/Loube must provide a recommendation by May 1st.

Ron Bibler moved that the council form a subcommittee as discussed. After further discussion, the Chair called for the vote. The motion carried with one abstention.

Zainab moved that, while the subcommittee is determining their recommendation, the council recommends that the FCC freeze the rates. There was significant discussion about the time period and the motion was amended to freeze rates retroactively to December 31, 2016 through June 30, 2018. Motion carried.

There was a recommendation the representatives of the council attend the meeting with the FCC. Dave will consider this recommendation.

There was discussion about the contribution base. It was decided that the subcommittee would address potential recommendations for that as well.

Public Comment

Sorenson – a new standard has been proposed to facilitate interoperability. It is a very large effort,

Meeting was adjourned.

Interstate TRS Advisory Council
Meeting Minutes for September 15, 2016
Annapolis, MD

ATTENDEES

Mark Tauscher, Chair, TRS Providers
Ron Bibler, Vice Chair, TRS users
Linda Vandeloop, Secretary, Interstate Telecommunications Providers/Contributors
Honorable Tim Schram, State Representative
Al Sonnenstrahl, Deaf and Hard of Hearing Community
Jeff Rosen, TRS Providers
Shannon Smith, Deaf and Hard of Hearing Community
Brenda Kelly-Frey, State Relay Administration
Phillip Hupf, Interstate Telecommunications Providers/Contributors
BJ Gallagher, Hearing/Speech Disability Community
Zainab Alkebsi, Deaf and Hard of Hearing Community
Honorable Sarah Hofmann, State Representative
Steve Peck, NASRA
B. J. Gallagher (by telephone), Individuals with Speech Disabilities

RLSA

Dave Rolka
Joy McGrath
Kelly Kern
Andy Morrow
Bob Loubé

FCC

Karen Peltz Strauss
Eliot Greenwald

CONVENE

Chairperson Tauscher greeted audience and called to order the Fall meeting of the TRS Advisory Council at 9:03 a.m. The chair noted that the April 2016 minutes had already been reviewed and approved and asked for additional corrections. No one had additions or revisions.

FCC PRESENTATION

Chair introduced the first speaker, Karen Peltz Strauss, FCC.

Karen Peltz Strauss noted that Eliot Greenwald is now the Special Assistant to the Consumer and Government Affairs Bureau Chief on TRS issues. Karen then provided an update on TRS issue at the Commission.

On March 17, the FCC held a roundtable to focus on the communication needs of deaf people with mobility disabilities who use relay services. The ACE project as well as ways to achieve functional equivalency for this population was discussed with the goal of formulating recommendations. No action has been taken at this time but it was a very productive session.

One of the Disability Advisory Committee subcommittees focused on relay services and equipment distribution, namely the National Deafblind Equipment Distribution Program and made several recommendations.

- On 1/23.15, the DAC recommended that the FCC clarify its rules and remind TRS providers of their obligation to handle N11 (all other than 911) calls and to gather information to determine the extent to which people who use TRS could contact authorities using N11 services. This recommendation is still pending.
- The DAC is scheduled to vote on a recommendation that deals with video relay service and 911 issues. The recommendation suggests the Disability Rights Office work with the APCO and NENA, to develop an implementation guide for mandatory minimum training standards for 911 call for CAs. This includes an annual refresher course. Related, the FCC is looking at whether emergency services handled by VRS providers should be coordinated in a central location.
- The next recommendation asks the FCC to look at quality of IP CTS service including standards on verbatim accuracy, speed, and latency and to do monthly testing for compliance. This is to be voted at the next meeting.

The FCC hopes to get the Real-Time Text order out by the end of the year.

The FCC adopted permanent rules for the National Deafblind Equipment Distribution Program or the I Can Connect Program. The program gets \$10M per year to distribute equipment both mainstream and assistive technologies to low income deafblind consumers around the country. The program has been expanded to 3 additional territories – Guam, Northern Marianas, and American Samoa. Entities are now required to meet new financial management experience criteria and must disclose conflicts of interest and entities are required to take steps to transition to a newly certified entity if the original entity goes out of business. The national outreach has been reduced to \$250,000. The Commission established performance goals and will be creating a centralized data base for reporting. The program serves approximately 1000 people per year.

IDT filed a petition to include intrastate revenue in the TRS fund contribution base. They say that currently the only interstate and international revenue is included in the contribution base that supports ITRS IP-based relay service but a large percentage of the calls are intrastate. On December 18th the FCC issued a public notice seeking comment but have not yet started a rule making.

Eliot Greenwald began his overview of additional issues.

On 11/23/15. The Wireline Competition Bureau granted a waiver to permit VTCSecure and MITRE access to TRS numbering directory information to the extent necessary to carry out tasks related to their contractual responsibilities. On 7/6/16, VTCSecure, no longer under contract with the FCC, filed a petition for waiver and declaratory ruling to permit providers of direct ASL customer support services to access the TRS numbering directory and clarify that VRS providers are required to support the ability of VRS users to make and receive direct video, voice, and text calls to and from any number in that directory. This is still pending.

On 8/24/16, CGB granted two-year temporary waivers to Sprint and Hamilton of two requirements for traditional TRS, STS and CTS – the requirement that providers allow users to select their own long distance carrier and the requirement that providers must offer the same billing options as traditionally offered by wireline telephone companies. The waivers were conditioned on providers not charging for long distance. The Commission hopes to address this on a permanent basis.

The annual rate order was issued 6/30/16.

On 11/3/15, the FCC issued an FNPRM seeking comments on VRS rates. There is a proposal to amend the speed of answer rule to require 80% of VRS calls answered within 45 seconds (currently 120 seconds), measured monthly. The FCC asked for comment on speed of answer, on alternatives to current policy of holding entire month's compensation for missing speed of answer, a streamlined waiver process, whether to permit compensation for both a deaf and hearing interpreter for certain users on certain calls, on the merits of skills-based routing, whether to permit interpreters to work at any time at home and asked how a trial should be structured and whether to assign 10-digit numbers to hearing people making calls to other VRS users.

On 3/3/16. The FCC released a R&O adjusting the VRS rates for the smallest VRS providers. On 8/4/16 CGB released an FNPRM on VRS interoperability standards. Comments were due 9/14/16.

For 2017 VRS issues to address, in addition to the November 2015 FNPRM there are some holdover issues from the VRS reform order – rates beginning 7/1/17, whether to transfer responsibility for handling 911 calls to a single VRS provider, and whether to prohibit the use of noncompetition clauses in employment contracts.

April 2015, the CGB suspended InnoCaption's conditional IP CTS certification because they failed to comply with FCC emergency call handling requirements and certification was reinstated in 6/17/16.

The U. S. Court of Appeals IP CTS order on remand is slated to be addressed by the FCC in 2017 – the FCC may not require consumers to pay \$75 for equipment but it is permissible to give a choice of 3rd party certification or the paying for the equipment and the FCC may not require IPCTS phones to be set at default of captions off. The FCC may also address whether to require a button, key or icon to turn captions off.

The FCC is likely to address whether to restructure the rate methodology, whether to prohibit phones that require captions to be turned on before volume adjustments can be made, and whether to require a default captions on for 911 calls.

Other issues for 2017 may include whether to migrate IP CTS to state TRS programs, whether to centralize registration and verification of IP CTS users in the TRS-URD, whether to adopt mandatory minimum speed and accuracy requirements and whether to require provider websites to post notifications of prohibited use of IP CTS by hearing individuals, whether to update 911 calling rules for web and wireless IP CTS, and whether to make permanent the alternatives to providing the last four digits of the social security number for those who do not have a social security number.

IP Relay issues to address may include procedures to ensure that only legitimate users use the IP Relay through per call verification procedures and application of the centralized TRS-URD. Other issues may include alternative ways to restructure IP Relay, restructuring the ratemaking methodology, determining the IP Relay needs of deafblind users, permanent elimination of the guest user procedure for calls to 911, and determining the appropriate time to wait before disconnecting an idle call, and whether to permit a maximum of two simultaneous calls by the same user.

STS issues may include minimum STA CA training standards, allowing STS users to create profiles, video assisted STS with the user and CA connected by both audio and video and whether to have IP STS.

Karen Peltz Strauss provided additional updates

The FCC is close to finalizing an order to allow server-based routing of VRS calls.

The FCC is working on codifying the current practice of allowing reimbursement for calls between two different types of relay services.

The FCC is looking carefully at modifications to the VRS rules as needed by the deaf blind population.

The FCC's direct video program is up and running and the FCC has hired staff to handle those calls. SBA and EEOC have implemented direct video and the Social Security Administration is gearing up to implement. Verizon, Microsoft, and the State of New York also have direct video.

The Chair introduced Dave Rolka

Budget Update (July 1, 2016 - June 30, 2017) – anticipated expenditures, including reserves is \$1.3B. With the reserve from the prior year, \$1.138B in collections is needed to support the program.

There are 3 basic services with shared jurisdiction with the state programs – Traditional or TTY, speech to speech and captioned telephone service. The fund pays approximately \$17M for these services. The fund pays approximately \$8M for IP relay, \$518M for IP CTS, \$526M for VRS, and \$10M equipment distribution program and a 2 average month reserve of \$178M, totaling 1,257M which makes up 98% or the \$1,280.6M budgeted expense. The other 2% is made up of several things, including fund administrative expenses, auditing activities the national outreach program, the development and implementation of the User Registration Database, and work being done by MITRE. There is approximately \$11M in the budget that has not been allocated to any specific project or program.

IP Relay Demand Trends – From June 2013 – October 2014 reported demand tracked well with the projection. From November 2014 – June 2015 projection was higher than actual because the Purple projection was included but they had stopped providing service. From June 2016 -July 2016, the lines were right on top of each other because Sprint is the only IP Relay provider.

Video Relay Service (VRS) Demand Trends – For two thirds of the period the demand was running above the projection but recently the demand is still growing but has been running slightly below the projection. At this point the fund is paying out less than projected but that can change over time. The budget for VRS is much higher than IP Relay because the payout is tracking 11M minutes vs .5M minutes and VRS is a higher rate.

IP CTS Demand Trends – The sharp drop in projection in mid-2014 reflects providers concern about their ability to comply with the FCC’s interim rules. The rules were overturned and the carriers asked for reimbursement demand continues to increase and there are twice as many IP CTS minutes as VRS minutes. Current projections have IP DTS at nearly 25 Million minutes per month. Actual results are a little above the projection.

Some contributors pay their entire invoice at the beginning of the year, some in monthly installments. If the annual contribution exceeds \$12M, the contributor can choose to make the monthly installments. But the receipts for the program are frontloaded.

In response to a question about whether the contributors are concerned about the size of the program, Rolka said that there may be some concern but the program is an objective of the ADA and no caps have been imposed.

Projects for the current program year

Development of the VRS User Registration Database has carried into this program year. VRS providers have been cooperating in terms of testing applications, use of the database, and clarifying understanding of what information must be exchanged, as well as the security issues that are associated with it.

Enhancements are being developed for the National Deaf Blind Equipment Distribution Program (NDBEDP)– an outward facing web application for the use of the 50 and soon to be 53 entities that will be participating in the program. System changes are being made for processing, recording and accounting for the program. Improvements are being made to the Train the Trainer Program. Forms have been developed so that participants can submit electronically.

The internal accounts receivable procedures are being updated and working on data exchange issues with USAC.

The data warehouse will be the common platform which will contain call data for verification for reimbursement and over time the data can be used in other ways. The information may help the FCC in their outreach and education campaigns to determine where the gaps are geographically. Concerns were expressed about the security of information that is stored and accessed. The FCC explained that there is a balance between collecting data to detect fraud and consumers concern for their information. The data is also used to identify and address needs and implement new technologies. The FCC will do everything within its power to protect the data.

The audit program has several pieces.

Rolka/Loube along with an independent accounting firm will conduct some financial audits of the service providers – an audit of the policies and procedures and the ways the companies compile the information they provide to Rolka/Loube. The plan is to complete these audits by the end of the calendar year.

Certification audits are performed for each service provider as the certification expires. All providers currently have conditional certifications and the audits see if the providers are in compliance with the certification requirements and if they adequately addressed whatever the condition was that resulted in the conditional certification.

URD related audits of supporting documentation will be performed to make sure the service providers have the process in place to certify that they have certain pieces of information for verification of eligibility for the URD data base.

Rolka/Loube is modifying the distribution procedures to be more consistent and thorough and keep better records.

Rolka/Loube is continuing to work on improvements to the disaster recovery and the security of information and to fix some of the problems discovered with some of the applications used to exchange information.

Because the TRS Fund is a component of the FCC's budget, the fund is being audited as part of the audit of the FCC's finances. Kearney is doing the overall FCC audit and the fund had to hire another independent auditor, Maher Duessel, to audit the TRS fund.

On an on-going basis a third party looks at policies and procedures, makes sure Rolka/Loube is in compliance, tries to identify weaknesses and problem areas to make sure controls are in place to address potential risk or fraud. This is a very thorough internal risk assessment conducted in compliance with OMB circular A123 sometimes referred to as COSO. There are over 2200 data points or questions that the auditors are required to ask us on an ongoing basis to review the policies and procedures and file a report that gets submitted for the FCC's review when it's completed.

IPERIA is a statistical analysis of whether Rolka/Loube is following the rules with respect to all the distributions that we make and whether we're doing it accurately and on time.

The contract to administer the fund was extended through the end of the calendar year. When the RFP for the new contract comes out Rolka/Loube will fully participate in that process.

User Registration Database

In 2013 the FCC committed to contract for a central TRS user registration data base. The intent was to have a centralized eligibility verification requirement to ensure accurate registration and verification of users to achieve more effective fraud and abuse prevention and to provide the Commission the number of individuals that actually use VRS.

VRS providers are required to populate the database with name, residential address, ten-digit telephone number, last 4 digits of the social security number, date of birth, registered location for emergency calling, date of service initiation and date of last account activity.

The system is designed to be secure. Rolka/Loube reviews the data from the service providers to make sure it is formatted correctly and complete. If not, it will go back to the service providers to correct. Once Rolka/Loube is comfortable the information is complete, and determine whether the entry is for a device or a person. If for a person, they will provide 5 pieces of information to Lexus/Nexus to run through databases and provide a risk code based on 73 potential risks Lexus/Nexus has identified (half of which are not relevant to the database). The biggest risks are associated with a person who does not have a social security number and provides alternative documents but there are other significant risks as well. Failed registrations can be appealed.

So far thousands of test registrations have been tested using dummy data submitted by service providers. It is estimated that the database will include 250,000-400,000 10-digit phone numbers.

There are two outstanding production issues. The TRS number administrator is working on the mechanics of the per call validation and the FCC is considering how to handle installations that are not user-specific.

It was noted that there will be an indicator for hearing individuals who acquire ITRS 10-digit numbers so that those minutes will not be charged but the FCC must approve. The FCC indicated that it would be helpful for Rolka/Loube to file something explaining the process and the FCC will get an order out as soon as possible.

There are issues that need to be addressed for the next budget cycle. Next Spring, Rolka/Loube must recommend rates, predict demand, and the VRS rates will expire June 30, 2017 and, per the FCC order, new rates must be established using a market based approach. Data will be gathered in January and February but will not have the benefit of the direction the FCC anticipates going in. Options include MARS, price cap, cost based, market based, operating ratios, electric models and equating IP services to operator services.

Karen Peltz Strauss suggested that the council provide the FCC with a summary of the different approaches and provide the benefits and disadvantages of each one to the FCC in writing.

There was a short discussion about whether the advisory council activities would be combined with another council or would continue as it has. At the end of the discussion, there was no decision to change the current structure but further discussion may occur in the future.

New Business

The council decided to hold a meeting in November to get a better understanding of the options for making VRS rate recommendations. Linda Vandeloop made a motion to meet the week of October 31st. Brenda Kelly-Frey seconded the motion. The motion carried.

Brenda Kelly-Frey made a motion to meet September 9th and 10th (2017) in Golden, Colorado. Phil Hupf seconded the motion. The motion carried.

Linda Vandeloop moved that the April meeting be April 4th and 5th (2017 either in Harrisburg or Washington DC. Brenda Kelly-Frey seconded the motion. The motion carried.

Brenda Kelly-Frey moved that the council draft a letter to support special coding and allowance for those who have deaf families or people who have hearing people able to sign fluently to be able to access point to point through the VRS. All Sonnenstrahl seconded the motion. The motion carried.

Ron Bibler moved to add a new member, Jack Cassell to the council. The motion was seconded (name was not captured). The discussion centered around diversity of the council and that more ideas should be explored before adding new members. The council emphasized that this had nothing to do with Jack Cassell. He is respected by all and his contributions are recognized. The motion failed.

No public comment.

The meeting was adjourned at 2:56 pm.

TRS Fund	PROJECTION July 2016 - June 2017												
	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Year End TOTAL
PRIOR BALANCE	\$142,588,264.45	\$147,468,934.20	\$153,075,839.91	\$159,894,560.26	\$162,092,406.11	\$166,010,280.81	\$167,598,742.48	\$170,560,298.33	\$171,892,462.60	\$170,785,805.52	\$177,633,610.10	\$177,233,773.95	\$177,233,773.95
CONTRIBUTIONS RECEIVABLES	\$94,825,877.81	\$94,825,877.81	\$94,825,877.81	\$94,825,877.81	\$94,825,877.81	\$94,825,877.81	\$94,825,877.81	\$94,825,877.81	\$94,825,877.81	\$94,825,877.81	\$94,825,877.81	\$94,825,877.81	\$1,137,910,533.77
PAYMENTS	\$ (89,957,708.06)	\$ (89,231,472.10)	\$ (88,019,657.46)	\$ (92,640,531.96)	\$ (90,920,503.12)	\$ (93,249,916.14)	\$ (91,876,821.97)	\$ (93,506,213.54)	\$ (95,945,034.90)	\$ (87,990,573.23)	\$ (95,238,213.96)	\$ (93,893,775.38)	(\$1,102,470,421.83)
REFUNDS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
INTEREST INCOME	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$150,000.00
BALANCE	\$147,468,934.20	\$153,075,839.91	\$159,894,560.26	\$162,092,406.11	\$166,010,280.81	\$167,598,742.48	\$170,560,298.33	\$171,892,462.60	\$170,785,805.52	\$177,633,610.10	\$177,233,773.95	\$178,178,376.39	\$178,178,376.39
As Reported July 2016 - June 2017													
	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Year End TOTAL
PRIOR BALANCE	\$142,588,264.45	\$126,108,195.16	\$159,996,973.19	\$175,903,378.81	\$156,752,927.64	\$170,661,368.12	\$181,947,849.98	\$167,794,355.58	\$157,706,984.06	\$181,850,749.66	\$181,850,749.66	\$181,850,749.66	\$859,595,774.99
CONTRIBUTIONS RECEIVABLES	\$68,891,839.81	\$121,088,090.55	\$101,206,929.47	\$75,097,377.43	\$106,606,915.12	\$104,094,822.32	\$77,495,141.87	\$87,619,697.39	\$117,494,961.03				
PAYMENTS	(\$85,400,453.45)	(\$87,209,371.80)	(\$85,286,749.58)	(\$94,273,087.44)	(\$92,183,938.03)	(\$92,834,286.41)	(\$91,684,708.76)	(\$97,714,082.15)	(\$93,233,136.36)				(\$819,819,813.98)
REFUNDS	(\$1,284.69)	\$0.00	(\$30,874.53)	\$0.00	(\$536,097.15)	\$0.00	\$0.00	(\$51,231.42)	(\$174,647.85)				(\$794,135.64)
INTEREST INCOME	\$29,829.04	\$10,059.28	\$17,100.26	\$25,258.84	\$21,560.54	\$25,945.95	\$36,072.49	\$58,244.66	\$56,588.78				\$280,659.84
BALANCE	\$126,108,195.16	\$159,996,973.19	\$175,903,378.81	\$156,752,927.64	\$170,661,368.12	\$181,947,849.98	\$167,794,355.58	\$157,706,984.06	\$181,850,749.66	\$181,850,749.66	\$181,850,749.66	\$181,850,749.66	\$181,850,749.66
cumulative Accrual for VRS Withheld minutes	\$1,707.35	\$910.83	\$5,489.94	(\$6,315.30)	\$532.17	(\$21,787.58)	\$23,733.59	\$0.00	\$376.44				(\$10,556.43)
Cumulative Accrual for IP withheld minutes	\$0.00	\$0.00	\$0.00	(\$22,149.34)	\$0.00	\$4,335.53	\$29,744.20	(\$35,246.90)	(\$0.26)				(\$115,674.91)
Accrual for NDBEDP*	\$453,976.32	\$323,067.24	\$912,221.30	\$1,122,985.81	\$1,191,969.14	\$1,021,969.36	\$140,849.56	\$146,684.00	\$1,917,815.94				(\$8,173,993.64)
Accruals for IP CTS	\$0.00	\$0.18	(\$62,641.96)	(\$68,556.77)	(\$96,477.87)	(\$266,636.25)	\$110,772.69	\$0.00	(\$288,406.95)				(\$1,050,889.14)
Revenue variance	-\$25,934,038.00	\$26,262,212.74	\$6,381,051.66	-\$19,728,500.38	\$11,781,037.31	\$9,268,944.51	-\$17,330,735.94	-\$7,206,180.42	\$22,669,083.22	-\$94,825,877.81	-\$94,825,877.81	-\$94,825,877.81	
Expense variance	\$4,557,254.61	\$2,022,100.30	\$2,732,907.88	-\$1,632,555.48	-\$1,263,434.91	\$415,629.73	\$192,113.21	-\$4,207,868.61	\$2,711,898.54	\$87,990,573.23	\$95,238,213.96	\$93,893,775.38	
Balance variance	-\$21,360,739.04	\$6,921,133.28	\$16,008,818.55	-\$5,339,478.47	\$4,651,087.31	\$14,349,107.50	-\$2,765,942.75	-\$14,185,478.54	\$11,064,944.14	\$4,217,139.56	\$4,616,975.71	\$3,672,373.27	

rate	Conversation Minutes	Session Minutes	session or conversation	revenue	rate	Conversation Minutes	Session Minutes	session or conversation	revenue	Conversation Minutes	revenue
\$1.23	18,463	30,799	s	\$ 37,883.18	\$1.23	0	37	s	\$ 45.85	18,463	\$ 37,929.03
\$1.60	83,684	134,412	s	\$ 215,059.38	\$1.60	2	116	s	\$ 186.21	83,686	\$ 215,245.58
\$1.30	13,826	27,911	s	\$ 36,284.21	\$1.30	1	12	s	\$ 15.59	13,827	\$ 36,299.80
\$2.07	115,168	229,348	c	\$ 238,397.47	\$2.07	676	1,127	c	\$ 1,399.59	115,844	\$ 239,797.06
\$1.50	39,589	88,689	c	\$ 59,382.77	\$1.50	20	40	c	\$ 29.46	39,608	\$ 59,412.23
\$2.33	1,081,378	1,875,122	c	\$ 2,517,447.98	\$3.57	94,408	165,087	s	\$ 589,360.59	1,175,786	\$ 3,106,808.57
\$1.72	139,870	268,158	s	\$ 461,231.33	\$1.72	437	1,104	s	\$ 1,898.66	140,307	\$ 463,129.99
\$1.07	153,406	234,974	s	\$ 251,422.02	\$1.07	83	229	s	\$ 244.92	153,490	\$ 251,666.94
\$0.00	18,726	3,620		\$ -			12		\$ -	18,726	\$ -
\$2.09	16,004	33,854	s	\$ 70,754.86	\$2.09	9	50	s	\$ 104.86	16,013	\$ 70,859.72
\$1.09	447,961	1,027,619	s	\$ 1,120,104.97	\$1.09	5,844	10,041	s	\$ 10,944.44	453,805	\$ 1,131,049.41
\$1.20	37,433	67,624	s	\$ 81,148.80	\$1.20	152	232	s	\$ 278.40	37,585	\$ 81,427.20
\$1.88	81,801	156,105	s	\$ 293,477.40	\$1.88	2,934	3,534		\$ 5,515.92	84,735	\$ 298,993.32
\$1.19	19,794	43,108	s	\$ 51,297.95	\$1.19	0	33	s	\$ 39.37	19,794	\$ 51,337.31
\$2.29	8,672		c	\$ 19,858.88	\$2.29	48		c	\$ 109.92	8,720	\$ 19,968.80
\$2.75	767		c	\$ 2,109.25	\$3.57	1		c	\$ 3.57	768	\$ 2,112.82
\$1.32	423,980	619,204	c	\$ 559,653.24	\$1.32	9,191	16,704	c	\$ 12,131.87	433,171	\$ 571,785.11
\$0.92	71,754	182,621	s	\$ 168,011.45	\$0.92	18	54	s	\$ 49.44	71,771	\$ 168,060.89
\$1.25	12,904	33,238	s	\$ 41,547.84	\$1.25	6	26	s	\$ 32.84	12,910	\$ 41,580.68
\$2.11	67,504	114,740	c	\$ 142,433.44				c	\$ -	67,504	\$ 142,433.44
\$1.80	64,603	99,601	s	\$ 179,281.80	\$1.80	196	336	s	\$ 605.61	64,799	\$ 179,887.41
\$1.10	34,507	60,158	s	\$ 66,173.87	\$1.10	0	22	s	\$ 24.34		
\$1.78	39,462	75,136	s	\$ 133,742.08	\$1.78	20,583	21,883	s	\$ 38,951.74	60,045	\$ 172,693.82
\$2.14	5,034	8,332	c	\$ 10,772.76	\$2.14	104	232	c	\$ 222.30	5,138	\$ 10,995.06
\$2.25	90,864	158,447	c	\$ 204,444.00	\$2.25	4,020	8,709	c	\$ 9,044.03	94,884	\$ 213,488.03
\$3.10	120,843	187,601	s	\$ 581,562.20	\$3.10	2,169	5,368	s	\$ 16,639.53	123,012	\$ 598,201.73
\$3.17	102,662	177,424	s	\$ 562,435.19	\$3.17	3,049	9,746	s	\$ 30,895.04	105,711	\$ 593,330.23
\$3.40	262,532	420,530	c	\$ 892,608.80	\$3.40	35,402	51,807	c	\$ 120,366.80	297,934	\$ 1,012,975.60
\$2.05	100,561	154,077	s	\$ 315,858.55	\$2.05	21,863	29,601	s	\$ 60,559.12	122,425	\$ 376,417.67
\$2.05	63,871	101,391	s	\$ 207,851.53	\$2.05	920	1,132	s	\$ 2,316.64	64,792	\$ 210,168.17
\$1.78	153,350	242,487	c	\$ 272,963.00	\$1.78	24,926	45,324	c	\$ 44,368.28	178,276	\$ 317,331.28
\$0.89	63,789	100,903	s	\$ 89,803.23	\$0.89	2,074	2,663	s	\$ 2,369.81	65,863	\$ 92,173.04
\$0.80	156,513	279,616	s	\$ 223,692.66	\$0.80	154	315	s	\$ 252.05	156,666	\$ 223,944.71
\$1.95	6,721		c	\$ 13,105.95	\$1.95				\$ -	6,721	\$ 13,105.95
\$2.50	18,998		c	\$ 47,495.00	\$1.85				\$ -	18,998	\$ 47,495.00
\$1.84	17,273	28,219	s	\$ 51,922.96	\$1.84	57	176	s	\$ 323.84	17,330	\$ 52,246.80
\$1.95	20,013	31,833	s	\$ 62,074.35	\$1.95	19	83	s	\$ 161.85	20,032	\$ 62,236.20
\$1.81	21,836	39,511	s	\$ 71,317.36	\$1.81	85	216	s	\$ 391.07	21,921	\$ 71,708.42
\$1.84	22,052	40,328	s	\$ 74,284.18	\$1.84	120	201	s	\$ 370.24	22,172	\$ 74,654.42
\$1.42	31,695	62,534	s	\$ 88,798.28	\$1.42	42	98	s	\$ 139.16	31,737	\$ 88,937.44
\$1.91	235,678	414,505	s	\$ 791,704.36	\$1.91	3,230	4,906	s	\$ 9,371.28	238,908	\$ 801,075.64
\$1.90	29,734	45,006	s	\$ 85,511.40	\$1.90	18	40	s	\$ 76.00	29,752	\$ 85,587.40
\$1.95	22,333	35,720	s	\$ 69,654.00	\$1.95	0	16	s	\$ 31.20	22,333	\$ 69,685.20
\$1.40	653,968	1,260,787	c	\$ 915,554.99	\$1.40	6,271	18,077	c	\$ 8,779.15	660,239	\$ 924,334.14
\$0.85	75,319	127,148	s	\$ 108,075.78	\$0.85	11,319	27,001	s	\$ 22,950.85	86,638	
\$0.00	67,012	114,887	s	\$ -	\$0.00	9,134	22,646		\$ -	76,146	\$ -
\$1.14	13,605	26,030	s	\$ 29,674.59	\$1.14	0	4	s	\$ 4.28	13,605	\$ 29,678.86
\$1.20	10,897	19,824	s	\$ 23,788.61	\$1.20	1	11	s	\$ 13.14	10,898	\$ 23,801.75
\$0.97	277,489	492,316	s	\$ 477,546.44	\$0.97	15,014	32,427	s	\$ 31,454.46	292,504	\$ 509,000.90

\$0.95	58,113	93,362	s	\$ 88,694.05	\$0.95	2	43	s	\$ 41.31	58,115	\$ 88,735.36
\$1.81	7,991	13,486	c	\$ 14,463.13	\$1.81	0	13	c	\$ 0.69	7,991	\$ 14,463.82
\$1.13	53,659	98,704	c	\$ 60,635.04	\$1.13	3,429	7,653	c	\$ 3,874.58	57,088	\$ 64,509.62
\$1.33	44,373	75,718	c	\$ 59,015.72	\$1.33	1,280	2,765	c	\$ 1,702.01	45,652	\$ 60,717.73
\$1.85	345,483	528,424	s	\$ 977,584.40	\$1.85	354	620	s	\$ 1,147.00	345,837	\$ 978,731.40
\$1.95	18,763	79,139	s	\$ 154,320.31	\$1.95	0	207	s	\$ 403.01	18,763	\$ 154,723.32
\$1.25	23,255	35,122	s	\$ 43,902.50					\$ -	23,255	\$ 43,902.50
\$0.00	2,160	3,403	s	\$ -					\$ -	2,160	\$ -
\$0.00	92,669	147,265	s	\$ -	\$0.00	8,135	18,135	s	\$ -	100,804	\$ -
\$1.25	30,200	52,647	s	\$ 65,808.75	\$1.25	171	288	s	\$ 360.00	30,371	\$ 66,168.75
\$1.43	26,857	56,723	c	\$ 38,405.51	\$1.43	750	5,260	c	\$ 1,072.50	27,607	\$ 39,478.01
\$1.51	77,539	164,604	c	\$ 117,083.89	\$1.51	3,428	23,004	c	\$ 5,176.28	80,967	\$ 122,260.17
\$1.39	357,085	781,162	c	\$ 496,347.72	\$1.39	4,976	9,208	c	\$ 6,916.21	362,060	\$ 503,263.93
\$2.37	29,833	64,344	c	\$ 70,703.88	\$2.37	776	988	c	\$ 1,838.29	30,609	\$ 72,542.17
\$1.34	28,735	48,425	s	\$ 64,890.13	\$1.34	406	692	s	\$ 927.24	29,141	\$ 65,817.37
\$1.54	17,060	30,743	s	\$ 47,344.54	\$1.54	72	209	s	\$ 322.58	17,132	\$ 47,667.13
\$1.34	10,549	16,746	c	\$ 14,135.15	\$1.34	1	45	c	\$ 1.30	10,550	\$ 14,136.45
\$1.44	8,913	14,939	c	\$ 12,834.17	\$1.44	39	86	c	\$ 55.53	8,951	\$ 12,889.70
\$2.35	202,499	358,925	s	\$ 843,473.75	\$2.35	31,035	53,187	s	\$ 124,989.45	233,534	\$ 968,463.20
\$0.00	126	2,792		\$ -			1		\$ -	126	\$ -
\$3.09	139,396	244,329	c	\$ 430,733.64	\$3.09	4,691	7,349	c	\$ 14,495.19	144,087	\$ 445,228.83
\$1.08	4,638	20,640	s	\$ 22,291.20	\$1.08	0	1	s	\$ 1.08	4,638	\$ 22,292.28
\$1.25	14,951	42,745	s	\$ 53,431.25	\$1.25	0	12	s	\$ 15.00	14,951	\$ 53,446.25
\$1.82	132,310	230,335	c	\$ 240,803.51	\$1.82	13,456	24,193	c	\$ 24,490.45	145,766	\$ 265,293.96
\$1.05	10,902	16,799	s	\$ 17,639.07	\$1.05	2	9	s	\$ 9.02	3	\$ 17,648.09
Total:	7,373,953	13,197,018		\$ 16,953,745.62		347,603	635,447		\$ 1,210,912.01	7,676,149	\$ 17,967,432.79
per min.				\$ 2.2991					\$ 3.4836		\$ 2.3407
	additional cost			\$ 4,425,211.47					\$ 11,240.18		\$ 4,436,451.65
	paid providers										
	total cost			21,378,957.09					\$ 1,222,152.19		\$ 22,403,884.44
	Rate			2.8993					3.5159		2.9186

rate	Conversation Minutes	Session Minutes	session or conversation	revenue
\$1.60	57,623.5	68,226.5	s	\$109,162.34
\$1.72	261,409.3	307,657.8	s	\$529,171.33
\$1.70	17,223.5	21,116.5	s	\$35,897.98
\$1.86	276,183.0	312,093.1	c	\$513,700.38
\$1.88	130,685.2	156,320.0	c	\$245,688.18
\$2.00	1,782,066.3	2,091,941.9	c	\$3,564,132.58
\$1.72	124,959.5	143,621.5	s	\$247,028.91
\$1.61	305,419.0	358,006.1	s	\$576,389.84
\$1.65	13,997.7	15,569.8	s	\$25,690.24
\$2.75	8,240.7	10,053.0	s	\$27,645.75
\$1.63	782,585.1	922,926.4	s	\$1,504,370.02
\$1.59	100,389.0	117,129.0	s	\$186,235.11
\$1.67	288,365.0	336,834.0	s	\$562,512.78
\$1.68	58,811.1	64,818.8	s	\$108,895.52
\$2.15	23,531.0		c	\$50,591.65
\$2.22	3,343.0		c	\$7,421.46
\$1.82	745,214.4	868,157.0	c	\$1,356,290.23
\$1.62	532,777.9	617,003.3	s	\$999,545.27
\$1.69	95,315.5	111,069.2	s	\$187,706.91
\$1.83	244,128.0	277,591.0	c	\$446,754.24
\$1.75	139,989.0	161,299.0	s	\$282,273.25
\$1.86	132,428.7	150,541.8	c	\$246,317.36
\$2.04	181,668.0	209,744.0	c	\$370,602.72
\$1.75	8,432.9	9,690.1	s	\$16,957.62
\$1.80	159,545.8	190,982.3	s	\$343,768.16
\$1.85	108,073.4	93,647.0	s	\$173,246.95
\$1.91	160,664.3	212,768.0	s	\$406,386.88
\$1.85	304,575.0	365,394.0	c	\$563,463.75
\$1.80	349,533.5	397,179.6	s	\$714,923.33
\$1.80	106,932.6	124,894.6	s	\$224,810.21
\$1.89	693,208.0	801,096.0	c	\$1,310,163.12
\$1.80	277,223.1	330,632.3	s	\$595,138.19
\$1.60	214,873.0	250,290.3	s	\$400,464.50
\$1.85	12,260.0		c	\$22,681.00
\$1.93	53,163.0		c	\$102,604.59
\$1.79	58,021.0	68,524.0	c	\$103,857.59
\$1.82	45,030.0	54,604.0	c	\$81,954.60
\$1.74	21,947.0	55,848.0	c	\$38,187.78
\$1.77	22,173.0	63,126.0	c	\$39,246.21
\$1.65	55,574.0	64,509.0	s	\$106,439.85
\$1.97	543,626.2	643,652.2	s	\$1,267,994.89
\$1.76	39,397.0	46,383.0	s	\$81,634.08
\$1.77	33,898.0	39,754.0	s	\$70,364.58
\$1.79	1,292,003.2	1,510,089.8	c	\$2,312,685.76
\$1.60	354,589.0	404,340.0	s	\$646,944.00

\$1.66	59,512.1	70,769.6	s	\$117,477.50
\$1.64	1,121,014.1	1,292,739.2	s	\$2,120,092.26
\$1.59	117,880.5	139,534.5	s	\$221,859.78
\$1.92	13,702.3	16,305.2	c	\$26,308.32
\$1.91	236,096.2	271,889.6	c	\$450,943.67
\$1.95	154,814.5	178,511.8	c	\$301,888.24
\$1.65	858,334.8	1,088,927.0	s	\$1,796,729.55
\$1.75	60,235.0	67,496.0		\$105,411.25
\$1.70	4,433.5	4,996.7	s	\$8,494.31
\$1.65	571,669.6	671,689.7	s	\$1,108,288.02
\$1.63	144,373.0	164,509.0	s	\$268,149.67
\$1.90	479,751.0	544,254.0	c	\$911,526.90
\$1.79	820,928.4	952,275.5	c	\$1,469,461.82
\$1.97	70,387.1	81,611.1	c	\$138,662.61
\$1.69	71,711.0	86,298.3	s	\$145,844.11
\$1.92	23,276.9	27,375.2	c	\$44,691.67
\$1.98	26,162.2	30,393.6	c	\$51,801.06
\$1.86	495,119.0	572,146.0	s	\$1,064,191.56
\$1.99	340,051.0	386,146.0	c	\$676,701.49
\$1.60	27,861.3	31,341.0	s	\$50,145.60
\$1.66	62,981.8	71,294.0	s	\$118,348.04
\$1.84	690,411.1	764,357.1	c	\$1,270,356.35
\$1.59	34,251.5	42,246.3	s	\$67,171.66
Total:	17,706,054.1	20,606,229.9		\$34,342,487.09
				\$1.94
	additional cost paid providers			\$125,800.04
	total cost			\$34,468,287.13
	Rate			\$1.9467

Estimates for Tariff Year 2017-2018				
Provider	revenue	revenue requirement	Profit	Expenses
Hamilton				
Purple				
Sorenson				
Sprint				
total	\$ 778,035,520.54	\$ 520,900,333.87	\$ 257,135,186.67	\$ 517,321,179.07

Based on a MARS rate of 1.9328

IP CTS Cost Trend Data

Category	2015	2016	2017	2018
Facilities	0.0386	0.0326	0.0307	0.0304
CA Related	0.2819	0.2672	0.3062	0.3314
Non-CA Related	0.0559	0.0488	0.0498	0.0519
Indirect	0.2830	0.1529	0.1533	0.1350
Depreciation	0.0402	0.0275	0.0243	0.0202
Marketing	0.0579	0.0759	0.0787	0.0770
Outreach	0.0903	0.0710	0.0656	0.0645
Other	0.6259	0.6101	0.5889	0.5691
Return	0.0124	0.0106	0.0097	0.0082
Total Cost	1.4863	1.2965	1.3071	1.2876
CA Related	0.2819	0.2672	0.3062	0.3314
Other	0.6259	0.6101	0.5889	0.5691
Variable total:	0.8773			

IP CTS Optional Rate
Requirement Comparison

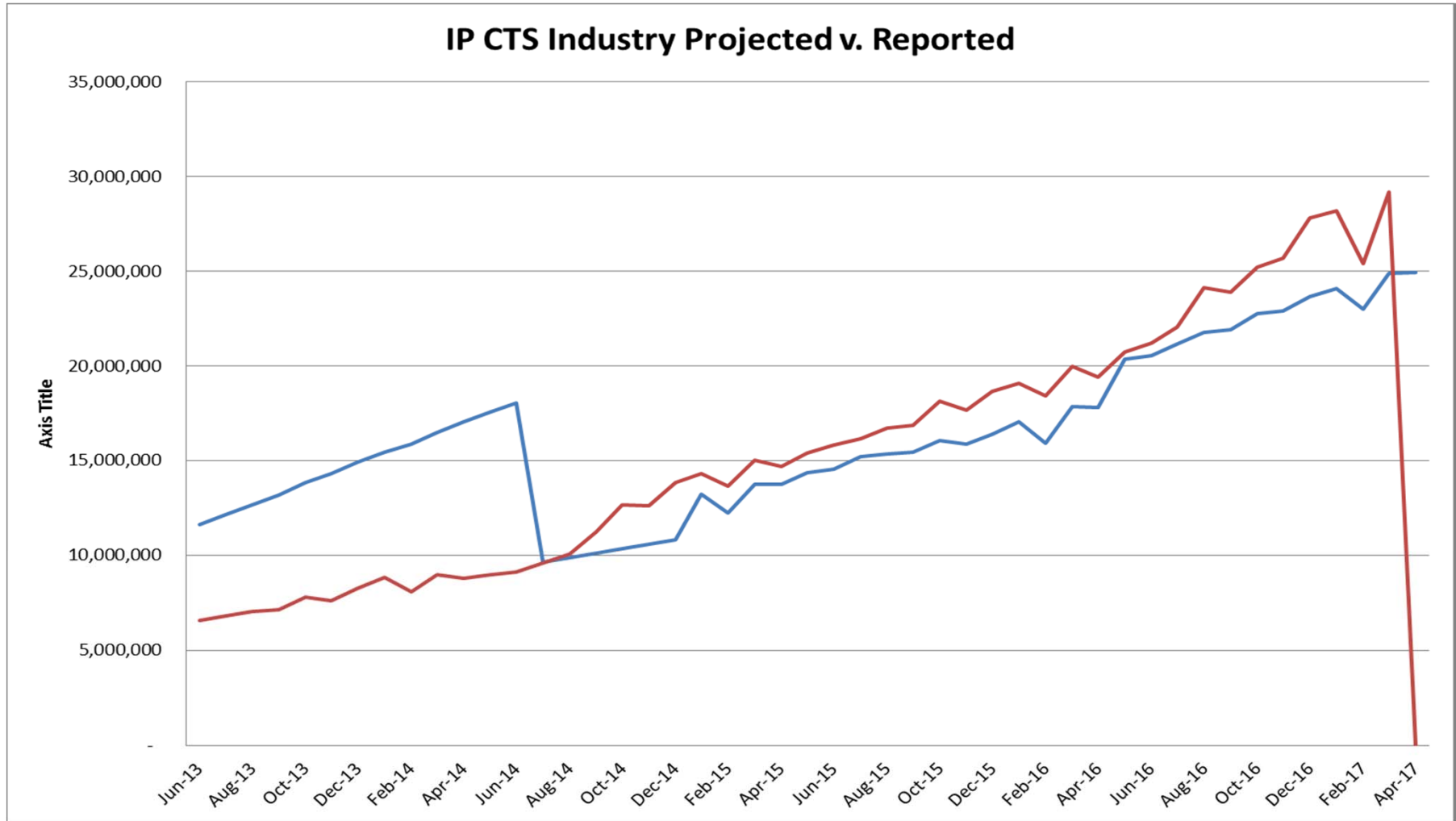
Exhibit 1-3.3

		\$ 2017-2018 Rate	Tariff Year Fund Requirements	Program Year Fund Requirements
Option No. 1	MARS	\$1.9328	\$ 777,582,630	\$ 743,754,755
Option No. 2	Historical 2016 cost	\$1.2965	\$ 521,593,481	\$ 534,973,853
Option No. 3	above high cost provider	\$1.7200	\$ 691,971,298	\$ 673,931,439
Option No. 4	4 year glide path	\$1.7535	\$ 705,448,646	\$ 684,923,361
Option No. 5	Tier I	\$1.7535	\$ 509,547,033	\$ 528,589,219
	Tier II	\$0.8773	\$ 98,012,253	\$ 78,216,107
		subtotal:	\$ 607,559,286	\$ 606,805,326
Option No. 6	4 year glide path	\$1.7535	\$ 705,448,646	\$ 684,923,361
Option No. 7	Provider specific cost			

IP CTS Historical
Cost Rate Data Comparison

Exhibit 1-3

Reported and Projected												
Category	As reported in 2013		As reported in 2014		As reported in 2015		As reported in 2016		As reported in 2017		As projected for 2017-18	
	2011	2012	2012	2013	2013	2014	2014	2015	2015	2016	2017	2018
Facilities	\$ 0.0095	\$ 0.0307	\$ 0.0307	\$ 0.0620	\$ 0.0619	\$ 0.0448	\$ 0.0501	\$ 0.0387	\$ 0.0386	\$ 0.0326	\$ 0.0307	\$ 0.0304
CA Related	\$ 0.0616	\$ 0.2225	\$ 0.2225	\$ 0.3833	\$ 0.3828	\$ 0.2536	\$ 0.2796	\$ 0.2865	\$ 0.2819	\$ 0.2672	\$ 0.3062	\$ 0.3314
Non-CA Relay Center	\$ 0.0326	\$ 0.0691	\$ 0.0670	\$ 0.0642	\$ 0.0620	\$ 0.0562	\$ 0.0601	\$ 0.0767	\$ 0.0559	\$ 0.0488	\$ 0.0498	\$ 0.0519
Indirect	\$ 0.2983	\$ 0.2215	\$ 0.2200	\$ 0.3083	\$ 0.3080	\$ 0.3246	\$ 0.3547	\$ 0.2751	\$ 0.2830	\$ 0.1529	\$ 0.1533	\$ 0.1350
Depreciation	\$ 0.0553	\$ 0.0617	\$ 0.0617	\$ 0.0676	\$ 0.0675	\$ 0.0499	\$ 0.0549	\$ 0.0397	\$ 0.0402	\$ 0.0275	\$ 0.0243	\$ 0.0202
Marketing	\$ 0.2103	\$ 0.1425	\$ 0.1435	\$ 0.1379	\$ 0.1344	\$ 0.0806	\$ 0.0738	\$ 0.0579	\$ 0.0579	\$ 0.0759	\$ 0.0787	\$ 0.0770
Outreach	\$ 0.1087	\$ 0.1203	\$ 0.1206	\$ 0.1407	\$ 0.1405	\$ 0.0877	\$ 0.0935	\$ 0.0903	\$ 0.0903	\$ 0.0710	\$ 0.0656	\$ 0.0645
Other	\$ 1.2818	\$ 0.7753	\$ 0.8278	\$ 0.8206	\$ 0.8211	\$ 0.6909	\$ 0.7261	\$ 0.6259	\$ 0.6259	\$ 0.6101	\$ 0.5889	\$ 0.5691
Return on Investment	\$ 0.0259	\$ 0.0257	\$ 0.0257	\$ 0.0175	\$ 0.0175	\$ 0.0163	\$ 0.0242	\$ 0.0122	\$ 0.0124	\$ 0.0106	\$ 0.0097	\$ 0.0082
Total Report Cost	\$ 2.0840	\$ 1.6693	\$ 1.7195	\$ 2.0021	\$ 1.9957	\$ 1.6046	\$ 1.7171	\$ 1.5031	\$ 1.4863	\$ 1.2965	\$ 1.3071	\$ 1.2876
MARS Rate for the period	1.763	1.773	1.7877	1.8205	1.8895	1.9058	1.9328					
Average Cost Rate											1.2974	
Marginal Cost provider											1.72	
Average Variable Cost	\$ 1.3434	\$ 0.9978	\$ 1.0503	\$ 1.2039	\$ 1.2039	\$ 0.9445	\$ 1.0057	\$ 0.9124	\$ 0.9079	\$ 0.8773	\$ 0.8950	\$ 0.9005
Average Fixed Cost	\$ 0.7406	\$ 0.6715	\$ 0.6692	\$ 0.7982	\$ 0.7918	\$ 0.6601	\$ 0.7114	\$ 0.5907	\$ 0.5784	\$ 0.4192	\$ 0.4120	\$ 0.3872
Providers included in Cost data	Sorenson Sprint Hamilton	Sorenson Sprint Hamilton	Sorenson Sprint Hamilton	Sorenson Sprint Hamilton Purple	Sorenson Sprint Hamilton Purple	Sorenson Sprint Hamilton Purple	Sorenson Sprint Hamilton Purple	Sorenson Sprint Hamilton Purple Miracom	Sorenson Sprint Hamilton Purple Miracom	Sorenson Sprint Hamilton Purple Miracom	Sorenson Sprint Hamilton Purple Miracom	Sorenson Sprint Hamilton Purple Miracom



RL Recommendations with retroactive reimbursement to January 2016				Prior Year Demand balance (May & June)	May & June of Prior year Rate	Projected Demand	Projected Rate	Projected Requirement	Fund Requirement
Methodology									
Traditional TRS	MARS			330,058	\$ 2.6245	1,527,999	\$ 2.9186	\$ 5,325,855	
Speech to Speech	MARS			25,198	\$ 2.6245	132,364	\$ 2.9186	\$ 452,451	
STS outreach				25,198	\$ 1.1310	132,364	\$ 1.1310	\$ 178,203	
Caption Telephone	MARS			819,544	\$ 1.9058	3,650,048.75	\$ 1.9467	\$ 8,667,436	
IP Caption Telephone				57,492,943	\$ 1.9058	328,117,086	\$ 1.9058	\$ 734,895,593	
Subtotal MARS:									\$ 749,519,538
IP Relay 5/2017 & 6/2017				910,655.39	\$ 1.3000			1,183,852	
IP Relay 7/2017 to 12/2017				0		2,958,533	\$ 1.3350	\$ 3,949,642	
IP Relay 1/2018 to 4/2018				0		1,960,226	\$ 1.3350	\$ 2,616,902	
Subtotal Price Cap:									\$ 7,750,396
Retroactive January 2016 - April 2016			Demand	Net Revenue Requirement					
Emergent @ \$5.29 vs \$5.06	TRS Fund Advisory Council Recommendation		1,034,887	\$ 238,024.08					
Tier I @ \$4.06 vs. \$4.06			6,000,000	\$ -					
Tier II @ \$4.06 vs. \$4.06			5,004,773	\$ -					
Tier III @ \$2.83 vs. \$3.49			31,221,602	\$ (20,606,257.06)					
Emergent Retroactive Subtotal:			43,261,262	\$ (20,368,232.98)					\$ 238,024
Emergent Companies [May - June 2017]	TRS Fund Advisory Council Recommendation			608,530	\$ 5.2900	-		\$ 3,219,124	
Emergent Companies [July - Dec 2017]				-	\$ -	1,995,539	\$ 5.2900	\$ 10,556,401	
Emergent Companies [Jan - April 2018]				-	\$ -	1,494,600	\$ 5.2900	\$ 7,906,434	
Tier 1 [May & June 2017]	RL recommendation based on first 2,500,000 minutes			5,378,239	\$ 4.0600	-		\$ 21,835,650	
Tier 1 [July - Dec 2017]				-	\$ -	16,060,167	\$ 4.1700	\$ 66,970,896	
Tier 1 [Jan - April 2018]				-	\$ -	10,749,405	\$ 4.1700	\$ 44,825,019	
Tier 2 [May & June 2017]				3,407,175	\$ 4.0600	-		\$ 13,833,131	
Tier 2 [July - Dec 2017]				-	\$ -	10,478,906	\$ 4.1700	\$ 43,697,038	
Tier 2 [Jan - April 2018]	RL recommendation based on minutes above 2,500,000 minutes			-	\$ -	6,747,630	\$ 4.1700	\$ 28,137,617	
Tier 3 [May & June 2017]				12,315,316	\$ 3.4900	-		\$ 42,980,453	
Tier 3 [July - Dec 2017]				-	\$ -	36,510,246	\$ 2.8300	\$ 103,323,996	
Tier 3 [Jan - April 2018]				-	\$ -	25,585,273	\$ 2.8300	\$ 72,406,323	
Subtotal VRS:				21,709,260.00		109,621,766.00			\$ 459,930,106
Projected Provider Payments					131,331,026.00				\$ 1,217,200,040
Deaf Blind Equipment Distribution Program								\$ 10,000,000	
VRS Reform Implementation								\$ 9,600,000	
Service Provider Audits								\$ 1,000,000	
**TRS Fund Administration								\$ 1,700,000	
iTRS Number Administration								\$ 1,005,000	
Investment Fees								\$ 190,000	
* Data Collection Agent								\$ 88,800	
independent financial audit								\$ 65,000	
Bankruptcy / legal representation								\$ 50,000	
Council Meeting Expenses								\$ 50,000	
IPERIA Plan & testing								\$ 250,000	
Two Average month provider Payment Reserve								\$ 202,867,000	
Non-Provider Subtotal:									\$ 226,865,800
Grand Total Requirements:									\$ 1,444,065,840
estimated fund balance at 6/30/2017									\$ 189,000,000
estimated interest on fund investments									\$ 450,000
Net Fund Requirements:									\$ 1,254,615,840
*Estimated Contribution Basis:									\$ 60,196,083,841
Assessment Rate:									0.02084

* based on data reported by USAC updated through 2/2017

** Estimated TRS Administration

demand included data for May & June 2017; and the first 10 months of 2017-2018 demand.

Contribution-Base-Revenue-Figures		
Year	Base	
2004	\$81,954,191,760.72	
2005	\$80,666,621,323.77	
2006	\$80,457,972,601.73	
2007	\$77,898,078,806.14	
2008	\$79,428,092,243.17	
2009	\$78,895,806,171.06	
2010	\$72,844,997,815.67	
2011	\$69,450,220,823.19	
2012	\$67,206,226,972.74	
2013	\$67,278,109,559.79	
2014	\$65,234,609,106.58	
2015	\$64,234,609,107.00	
2016 [*]	\$61,424,575,347.80	
2017	\$60,196,083,840.84	

\$60,196,083,841 @ 98% of 2016